



# Surviving a Financial Crunch

Here's how to get through a money crisis with your sanity and your credit intact.



## Surviving a Financial Crunch

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Introduction

## Believing It Will Pass

By Caryn Rivadeneira



The other day an elderly neighbor of ours stopped over with a question for my husband. As I invited her in and headed out back to get him, I glanced around my living room and said my usual, "Excuse the mess." When I came back in I again apologized about the stuffed llama she was sharing a chair with. She said, "Oh, honey. I raised six kids. Now that's a mess! This is nothing. Besides, it'll all pass." She then somehow segued into a story about a time when her husband lost his job and they thought they'd have to move all six kids into her immaculate in-laws' house. She could laugh about it now because, as she said, "Just like everything, that stressful time passed."



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Believing It Will Pass

If you're going through a financially stressful time right now, I'm sure someone along the way has told you, "Don't worry. You'll get through this." Or as my neighbor would say, "It'll pass." I used to find advice like that almost silly, because it brushes off the severity of a situation. When we went through our last big money crunch, I wanted people to tell me how to get through the rough spots, not just that we would get through them. But once we were on the other side of the mess, I understood why people say that—you do want to help people put situations in perspective.

In the following collection of articles, you will find a good mix of both solid financial advice as well as relational advice for surviving financial crunches. You'll also get plenty of encouragement from people who've been through situations like yours—and lived to realize it'll pass.

Blessings,

*Caryn Rivadeneira*

Contributing Editor, KYRIA downloads,  
Christianity Today International





## How to use “Surviving a Financial Crunch” for a group study

“Surviving a Financial Crunch” can be used for individual or group study. If you intend to lead a group study, some simple suggestions follow.

1. Make enough copies for everyone in the group to have her own guide.
2. Depending on the time you have dedicated to the study, you might consider distributing the guides before your group meets so everyone has a chance to read the material. Some articles are quite long and could take a while to get through.
3. Alternately, you might consider reading the articles together as a group—out loud—and plan on meeting multiple times.
4. Make sure your group agrees to complete confidentiality. This is essential to getting women to open up.
5. When working through the “Reflect” questions, be willing to make yourself vulnerable. It's important for women to know that others share their experiences. Make honesty and openness a priority in your group.
6. End the session in prayer.

## Living on Less—and Loving It

Secrets to thriving during a lean financial season.

*By Ellie Kay*



One morning, after returning home from driving her three children to their Christian school, my friend Sherry found her husband back from work, sitting in their kitchen, with a shocked look on his face.

"Why are you home from work early?" Sherry asked, feeling her stomach tighten with dread.

"I've been laid off," he announced. After 10 faithful years as an aeronautic engineer, he told her how his services no longer were needed at his place of employment. In that one pivotal moment, Sherry's world turned upside down.



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As the family's financial stability and comfortable lifestyle began to crumble, so did Sherry's self-esteem. It wasn't long before their SUV and comfortable house had to be sold. Private school for their children no longer was an option.

It was a struggle, but over time, Sherry and her husband learned they could find the sacred in simple living. Sherry realized her children's health, her stable marriage, and her wealth of friends were more precious than the lifestyle she'd been accustomed to before her husband lost his job. She discovered that living on less really could mean more.

Just like Sherry and her husband, many of us have had to live on a tighter budget at times. When we face financial difficulties, it often seems as though nothing valuable can come from the experience. But Jeremiah 15:19 says, "If you will extract the precious from the worthless, you will become My spokesman" (NASB). There's always something valuable in seemingly worthless situations if we look through God's eyes. If you're coping with more month at the end of your paycheck, here are ways to trim your budget *and* find worthwhile lessons in the process.

**Encourage in tangible ways.** People who have been laid off may feel like a failure when they can't provide for their family, which can lead to a cycle of depression and lethargy. My friend Stephanie faced this problem when her husband, Bill, was laid off. He sent out resumes, followed up on leads, and was still out of work for months. Mounting tension led to arguments, leaving both partners feeling defeated.





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Under the advice of their pastor, Stephanie urged Bill to create a budget for what money they did have. They found ways to save and be grateful for God's provision in the small things. Stephanie did mock job interviews with Bill and helped him make his resume more marketable. If you're single, ask a friend to be your interviewer, or if you want to encourage a single mom, offer to help her practice.

Bill also became great at saving money at the grocery store and actually cut their food budget in half. By saving in practical ways and encouraging each other, this couple weathered the storm until Bill was employed again. Their marriage was strengthened, they developed greater compassion for those in financial need, and they never forgot that contentment is a *choice*.

**Find additional sources of cash.** Once you readjust your expectations and focus on staying content in your tough situation, start cutting back in practical ways. For example, when my friend Kelli, a single mom with three boys, got laid off from her part-time second job, she worried about making ends meet. So her boys helped her clip coupons, organize grocery shopping, and find sales to help save the money Kelli was earning from her primary job. She found she could make up for the money she got from her second job simply by saving money on her groceries, and now she's able to spend more time at home with her kids.

Remember, a penny saved is more than a penny earned because you don't have to pay interest or taxes on "saved" pennies. Say you want to add \$200 per month to your







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current budget. To achieve your goal, you simply could *stop spending* the \$200 per month and pocket it. Conversely, if you wanted to add \$200 per month to your budget by *earning* it, you actually would have to make \$260 or more per month to cover taxes, social security, and tithe.

**Readjust your expectations.** When times are lean, change your definition of entertainment. Rediscover board games, enjoy a walk in a park, or check out a new hiking trail. Instead of going out for dinner and a movie, consider going to a matinee or dollar theater and eating at home. Or review the Lifestyles section of your newspaper and eat at a restaurant that offers midweek specials or coupon discounts.

**Update your wardrobe from a local consignment store.**

You can save as much as 40 percent on your clothing budget, and some of the items are brand new. For example, my friend Heather is a single professional woman who wears a suit to work. Her job as a television producer requires an up-to-date look, yet she says, "I get most of my clothes at an upscale consignment store. I recently paid half price for a name-brand wool coat that looks fabulous over my suits."

**If you have kids, trade your children's outgrown clothing with another family who has kids in corresponding sizes.**

For example, the Brazell family has a seven-year-old boy and nine-year-old girl. They trade their clothes with the Taylor family, who has a six-year-old boy and ten-year-old girl.

**Get your kids to pitch in!** When the Hollibaugh family's dad was out of a job, the kids helped out. By explaining their financial situation to their kids, ages 15, 13, 11, and





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9, Mom and Dad enlisted their help in weathering this difficult season. The Hollibaugh kids became experts at garage sale shopping and helped their family save on household goods and clothing. For example, Whitney bought three beautiful Laura Ashley dresses for \$6 each. And when Ryan knew his younger brother needed a bike, he found two older bikes for \$25. He used one bike for parts, and fixed up the other one for his younger brother's birthday present.

Your kids may not go get jobs, but they can contribute simply by shopping at garage sales and not complaining about the lack of expensive snack foods or pricey entertainment.

**Pay down debt.** Sometimes God provides unexpected sources of income—temporary work, an insurance premium refund, or a generous birthday check from extended family. If these additional monies aren't used for basic household expenses, then after tithing off this windfall, apply the rest toward debt.

By paying down debt, you avoid high interest payments and actually "earn" that extra amount you would be spending on interest and premiums each month. Our family once took a \$15,000-a-year pay cut when we already were \$40,000 in debt, but we still purposed to become good financial stewards. Instead of taking expensive vacations, we took day trips to free parks and recreation centers. We went out to eat only once every two weeks and made it a treat. We continued to pay our tithe first, and it was amazing how everything else fell





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into place. Within three years, we were debt free. God provided unexpected sources of income, and we applied those diligently to our debt.

Those years of difficulty are far behind us, and yet they're very much a part of who we are now. It wasn't an easy season of life, but by taking the "precious from the worthless" we've been able to help others live on less and love it, too.

### **Get More Bang for Your Buck!**

**Look high and low.** Marketing experts place expensive items at eye level and bargains on upper and lower shelves. Look high and low for deals—and say no to the pricey stuff in between.

**Provide for others.** Combine coupons and sales to get items cheaply. Then share with a food pantry or needy family.

**Be tax savvy.** When you donate groceries, ask for a receipt. Keep your grocery receipts and highlight the donated item. Tax laws allow you to deduct the price of the item *before* coupons. You'll need to itemize and check with a tax specialist annually to stay current on this deduction.

**Double your savings.** Shop at stores that offer double coupons and watch for "buy one/get one free" offers.

**Shop alone.** If possible, leave your kids at home or with a friend. You can concentrate better and are less likely to make costly, quick decisions.





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**Take your list.** People who stick with a list consistently spend as much as 30 percent less on groceries.

**Shop the loss leaders.** A loss leader is an advertised item designed to entice buyers into a store. The store loses money on these products, but they make up the difference when you buy their expensive offers, too. If you have time, shop the loss leaders at each store and bypass the pricey products.

**Price competitors' ads.** Shop at stores that match the price of their competitors. Take all the sale ads to one location, and ask the store to match the prices.

*Ellie Kay, a regular on CNBC's "Power Lunch," a national radio commentator for "Money Matters," and an author, lives in New Mexico with her family. Her latest book is Money Doesn't Grow on Trees—Teaching Kids the Value of a Buck (Bethany House). For more information, see [www.elliekay.com](http://www.elliekay.com). This article first appeared in the July/August 2002 issue of TODAY'S CHRISTIAN WOMAN magazine.*

## Reflect

- *Which of these suggestions would be the most immediately doable in your family?*
- *What are some unexpected blessings or enjoyment you've found in cutting back expenses?*



## 7 Steps to Financial Freedom



Ways to get back to where God wants you to be.

*By Mary Grate-Pyos*

**1. Create a vision for your finances.** Set goals, such as "By the end of this year, I want to have \$1,000 invested in a mutual fund," or "I want to be debt-free by January of next year." Then develop a monthly plan to support those goals. You need to have a vision for your finances, regardless of how much you earn.

**2. Balance your checkbook regularly.** A quick look through your checkbook will show you what your life priorities are. Pay attention to where you spend your money.



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**3. Pay off all credit-card bills monthly.** That way, you'll avoid finance charges and interest fees. Start using your credit card only when you know you have the money to pay the debt you're about to incur.

**4. Save and invest regularly.** Saving and investing are essential. It's a wonderful feeling to know you have money and don't need it, but rather stressful when you need money and don't have it! Establish a "peace of mind" fund of "set aside" money to allow you to transform financial emergencies into nothing more than planned challenges.

**5. Don't live above your means.** When you spend less than you earn, you'll have money left at the end of each month! And don't be tempted by your neighbor's lifestyle. Just because your neighbor can afford a certain car or fancy vacation doesn't mean you can, too. Stress, worry, additional maintenance, and higher taxes are the price you pay for a purchase you acquire because you want to keep up with your neighbor.

**6. Prepare a will and have adequate life insurance.** Decide in advance how you want your assets divided and determine who will receive them. Having sufficient life insurance is your way of saying to your family, "I love you enough to provide my contribution to our family, even after I'm gone."





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### 7 Steps to Financial Freedom

**7. Give back to God.** When you tithe, you're returning part of what you have to its rightful owner—God!

*This article first appeared in the March/April 2001 issue of TODAY'S CHRISTIAN WOMAN.*

## Reflect

- *The author suggests creating a vision for your finances. What does your dream financial situation look like?*
- *How has trying to keep up with neighbors contributed to financial stresses in your life?*
- *What could you do to put an end to that area of stress?*





## Downsized

A survival guide for when life throws you for a loop.

*By Kevin Spear*

Spaghetti boiled over and the steam scorched my hand. My children fought over a cheap restaurant toy while the cat meowed for attention. I glared at my son as he lectured me about kitchen safety, then I shooed the kids into the living room and glanced at the clock. "6:30! She's late again!" An unemployed husband's work is never done.

There was a time I lived in paradise. I had my own luxurious office cubicle, steaming coffee, and a lightning fast Internet connection. My company was living high off the high-tech hog. I was the manly, primary wage earner while my wife, Paula, stayed at home and reared our children. We were living the perfect American, Leave-It-to-Beaver dream.





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In 2001, I was laid off along with a couple million of my closest friends. After I recovered from the shock, I sprung into action. I scoured want ads, networked with acquaintances, and pounded the pavement until my feet ached.

And I had nothing to show for it. No job, no offers, no office cubicle.

Paula watched me struggle. "Don't worry, Kevin. You'll get another job," she reassured me.

I laughed. "Of course I will! Don't worry about me, Honey. I'll be out of your hair before you know it!"

In the meantime, a friend offered Paula a job at a local preschool. She didn't even type up a résumé. This job just fell into her lap while I'd been banging my head against the wall.

After we discussed it, Paula took the job while I stayed home and continued to look. Eventually, I found temporary work.

When the director of the preschool quit, Paula was promoted, which meant her job became more demanding. Soon she had to take college classes for state licensing purposes. She faced pressures at work while I felt pressure to find a permanent job and satisfy my male ego.





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I never believed a layoff would happen to me. Yet experts say the average employee will change careers seven times in his or her working life. The fallout from the technology bust and September 11, 2001, continue to affect the economy.

It took me a year working at my temporary job to learn some important things about how to handle those clinchers that life throws you. And when Paula and I learned how to cope with them, we were able to keep our marriage intact and our sanity in check. Here's some help in case a pink slip ever comes your way.

#### **Embrace Emotions**

Let your spouse cry. It's okay! When I was laid off, I didn't want my wife to weep. Sure, I'd worked for the same company for 10 years. Sure, our world had turned upside down. Sure, I was going to be home a lot, but was that any reason to cry?

Paula was facing every wife's nightmare: a husband at home with time on his hands. I'd be there 24 hours a day, critiquing the children's snack choices, playtime, and television habits. I'd be whining over the crummy job market, threatening moves to Katmandu if the jobs were there. She wasn't supposed to experience this kind of trauma until I retired. The poor woman deserved to shed a few tears.

I wish I could cry. Paula's a professional crier. As hard as I tried, I couldn't get the tear ducts working. Therefore, she became our designated crier.





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I, on the other hand, was the designated moper. I'd spend days sticking out my lower lip, slouching my shoulders, and shuffling as I walked. We each expressed our emotions and allowed each other to grieve before we moved on.

After Paula and I grieved, we allowed ourselves to laugh. We needed our sense of humor as we dealt with change and children. I found that out when my daughter came to me one day. She gazed at me with her puppy dog eyes and said, "Daddy, do you need my allowance?"

"No, Sweetheart. We're doing fine."

"Oh, okay," she said. "Then can you give me my allowance before you run out of money?"

### Look for Unexpected Blessings

God blessed us in new and unexpected ways. I prayed detailed prayers about what I thought God should be doing. I'd explain to him where I should work, what I should wear that day, and what color the building should be. None of that worked out. Instead, God provided temporary work for me while I looked for something permanent. Is that what I wanted? No, but God is good. He has provided for and protected us.

Sometimes, we block God from doing the best for us. Initially, when Paula's friend offered her the position, I was against it.

"You can't do that, Paula!" I exclaimed. "We had it worked out so you could stay home with the kids."





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"But, Kevin, maybe this is God's way of providing for us and getting me back in the workforce."

"But what about all the housework? Sure, I've been able to help, but you're the brains behind this household."

She surveyed my sexist stance. "You think you couldn't manage the house, or are you just accustomed to having your wife do it all for you?"

My flawless logic didn't work. She took the job and I balanced temporary work with the kitchen. Since Paula worked for a preschool, her new employment allowed our daughter to attend school while Mom worked. We couldn't have afforded the tuition if Paula stayed home. It's worked better than we could have planned, but not in the way we would have expected.

### Lean on God and Others

***Cling to God.*** If you aren't used to praying and having devotions together, now's a good time to start. Over the years, Paula and I tried to have time with God together. But while I was unemployed, that time together took on a new sense of urgency. Before my layoff, we struggled with what to pray for. During it, we had no problem coming up with prayer requests. Our time together with God helped us acknowledge who was in control.

***Cling to each other.*** During this time, Paula and I agreed that it was important to stay connected. Whenever we could, we'd go out without the kids and do something fun. During those times we made a pact not to talk about





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our troubles. That time was valuable. It allowed us some sense of normalcy during a tumultuous period. Whenever I felt down, I'd find some way to cheer up Paula's day. A card or a flower rekindled love during some tough times. It helped keep us allies in the battle.

***Cling to friends.*** When I was laid off, I wanted to hide from everyone until this bad situation was fixed. But I soon discovered we needed our friends. Our church family was there for us in so many ways, from providing spiritual support to material support. I used to think it was a sign of weakness to accept help. After all, I reasoned, we're supposed to help others, not take it. But a friend took me aside one day.

"You're being selfish," he remarked.

"Wh-what do you mean?" I stammered, surprised.

"You don't want to accept gifts because you feel you should do it all. Who are you to turn away something God told me to give?"

I apologized to my friend. I didn't realize I was still trying to make it on my own power.

Our situation continues to change. I worked for more than a year as a temporary employee and I recently found a permanent job. While nothing compares to that stability, during the unstable times I learned to enjoy the ride.





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Paula discovered the demands of her job were too much for her and our family. She was working long days without a break, so she's returned home full-time. She doesn't know what her next step will be, but we've prayed together for guidance and answers. In the midst of it all, we continue to be honest with our emotions, search for blessings in strange places, and cling to God, friends, and each other.

I wouldn't wish a job layoff on anybody, but I'm glad we've endured it. God's brought us closer to him, our family, and our friends. And we're stronger because of it.

*Kevin Spear, an illustrator, author, and designer, lives with his family in Indiana. This article first appeared in the Spring 2003 issue of MARRIAGE PARTNERSHIP.*

## Reflect

- *In what ways has a financial crisis allowed you to cling to God? Cling to your spouse or family? Cling to others?*
- *What have been some of the results of clinging to God? How has he frustrated you? How has he surprised and delighted you?*



## Cash Crunch

The 5 stages of financial recovery.

By *Ellie Kay*



**A**s a child I loved to play Monopoly. I'd spend all the money I had trying to win. Now I realize that as adults we sometimes do the same thing. We play with our finances as if it were Monopoly money. In many households, atm withdrawals account for as much as 20 percent of spending, and most people can't account for how those dollars are spent. Others just use credit cards. We charge vacations, Christmas presents, and car repairs as a matter of habit, even if we know there isn't any real money to cover the expenses.



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At some point, such couples face a rude awakening when hit with unexpected medical bills, a hail-damaged roof, college tuition. When faced with the hard facts about their finances, many people go through five stages similar to the stages of grief. Here they are and what to do about them.

#### **Stage 1: Shock**

The shock felt at this stage is directly proportionate to a couple's predetermined belief about their finances. I worked with one couple who knew their consumer debt load was \$40,000, and they were only mildly shocked at how that looked on paper. On the other hand, another couple thought they were only a couple years away from being debt-free, only to learn that if they paid only the minimum balance and acquired no new debt it would take 15 years to get out of debt. I watched their mouths drop as they stared in disbelief at the figures.

**What to Do:** Shock isn't always negative. It's a great place to start taking charge of your finances. Write out all of your incoming cash flow, expenditures, and debt—every penny. Take a good hard look at the figures and let the truth of your situation sink in. Make that the impetus for change. Make a budget—and follow it. Some resources to help you get started include [www.crown.org](http://www.crown.org) or [www.moneycentral.msn.com](http://www.moneycentral.msn.com).

#### **Stage 2: Denial**

Denial is the most common stage in financial recovery. Many couples tend to spend with one hand and cover their eyes with the other. Some couples never move out of this stage and end up in the land of perpetual financial woes.







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Not surprisingly, if you're in denial, you probably don't realize it. That's why it's a good idea to continually ask yourself, *Are we financially healthy? Are we on budget? Is our debt load out of control?*

(Of course, if you're in major denial, you're probably not even reading this article! If you are reading it, that's a good sign you're conscientious about your finances—and less likely to be in complete denial.)

The more couples deny the seriousness of their financial situation, the more likely they are to try a quick fix such as a second—or third!—mortgage, borrowing from friends or family, playing the lottery, or other "get rich quick" schemes.

Margo Geller, a wealth counselor at GV Financial in Atlanta, Georgia, says there are four red flags of financial denial:

You make the same financial mistakes over and over and you're not sure why. You continually pay late fees, miss payments, or are perpetually short of cash.

You behave in inappropriate ways, such as buying another suit on your credit card, eating out when you promised yourself you'd cook at home, or buying a special toy for your child for no reason.

You are financially stuck—unable to reduce your debt, or if you do, you are soon back where you started.





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You make rationalizations to explain the above: "Other people do this all the time," "Right now, this is more important," or "I don't care, I'll figure it out later."

**What to Do:** If any of those red flags describe you, you're likely in denial. Don't blow it off; take an honest look at your finances together. Ask each other, "Do we have a problem here?"—and be candid in your answers. If the answer is yes, we do have a problem, it's time to find solutions. Go to [www.crown.org/tools/budgetometer.asp](http://www.crown.org/tools/budgetometer.asp) to crank these numbers. Accountability is the name of this game. Make yourself accountable to your spouse and another couple you trust.

### Stage 3: Depression

As couples move out of the denial stage, they can become overwhelmed by the mess they're in. The situation can begin to press in around them and threaten to overtake their fake sense of calm. Soon, these couples can experience depression, characterized by any of the following:

**Lack of concentration:** The inability to concentrate on anything regarding finances; avoiding discussion of the issue.

**Insomnia:** Loss of sleep over your apparent financial hopelessness and your anxiety over whether you will experience financial recovery.

**Dejection:** Inability to shake a strong, often overwhelming or paralyzing sense of despair.





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**What to Do:** Many couples pass quickly through this stage. If not, that couple should see a qualified financial counselor. Consumer Credit Counseling Services, a non-profit organization, specializes in debt reduction and financial education. Call 800-388-2227 or go to [www.nfcc.org](http://www.nfcc.org) to find a counselor who can help you get your credit card interest rates lowered, payments deferred, and set a doable plan to emerge from debt depression. Or check out Cambridge Credit Counseling Corp at 800-897-2200 ext. 594 or [www.cambridgecredit.org](http://www.cambridgecredit.org).

If your depression doesn't lift during that process, you should see a physician or mental health professional who can offer further help.

#### Stage 4: Anger

This stage can be scary for both partners, because anger can be anything from mild displeasure to outright hostility. Society's number one reason for divorce is "finances," so it's easy to see how couples in this stage end up in divorce court. Here are typical statements people express in this stage:

"My spouse bought that new \_\_\_\_\_ and that's why we're in trouble."

"My parents (or brother, sister, friends) have tons of money; they could help us but they won't."

"My spouse is a spender and I have no hope of financial recovery as long as I'm married to him/her!"

"We've tried budgets and they don't work for us."





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"This isn't my/our fault."

If you see yourself in any of these statements, talk to someone. Talking through the anger helps diffuse those feelings. In her book *How Much Is Enough?*, Pamela York Klainer gives four suggestions for couples reluctant to face the ugly truth:

**Don't blame.** Don't blame your spouse. Or your parents. Or your lousy childhood. Blame only generates more anxiety.

**Own up.** Take responsibility for your mistakes. After all, you made the decision, for instance, to say yes to a vacation instead of paying off debt.

**Practice, practice, practice.** Build your skills. Learn to budget, save, and invest. It takes time. Don't beat up yourselves if you don't get it in the first several months.

**Mastery.** What works well for one couple may not work for you. Some couples love computer financial programs; others prefer self-help books. Or financial counselors. Or seminars. Find what works best for you, and master it.

Anger is the last step before acceptance on the road to financial recovery. So if you deal with anger in a proactive way, it will become a good thing.

**What to Do:** Don't be afraid of anger. But instead of directing it toward your spouse or others, refocus it toward unhealthy patterns that landed you in debt. Anger can be your best friend when it becomes the driving force for





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change. Find a couple, financial counselor, or Christian family therapist to talk to about these feelings. Make a list, "Things We Will Never Do Again," and put it where you can review it daily.

#### **Stage 5: Acceptance**

This is the final stage of financial recovery. A couple knows they've reached this stage when at least some of these elements are evident:

**Change.** The couple has asked themselves what they need to change and they're willing to make those changes.

**Responsibility.** They've stopped the blame game and have accepted responsibility for their roles in their current financial status.

**Accountability.** Besides mutual accountability, couples have also made themselves accountable to another couple or financial counselor.

**Hotspots.** Couples have identified hotspots where they've fallen short financially and purposed to avoid them. For example, if they buy or lease a new car every year, they've traded it in and purchased a reliable used car, and paid it off.

**Patience.** The couple now realizes there is hope. They're more tolerant of their spouse's mistakes and have decided to learn from them.





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**What to Do:** Take responsibility for moving forward. Commit to getting and staying out of debt. Remember, you didn't get into debt overnight and your recovery won't come overnight either. Just take it a day at a time. Some day, you'll be on the other side of this problem. When you've been blessed with financial recovery, it will be your time to help someone else who will benefit from your experience.

*Ellie Kay, MP regular contributor, national radio commentator for "Money Matters," and author of A Woman's Guide to Family Finance (Bethany House), lives in New Mexico. For more information and money-saving links, go to [www.elliekay.com](http://www.elliekay.com). This article first appeared in the Winter 2003 issue of MARRIAGE PARTNERSHIP.*

## Reflect

- *How many of these stages have you experienced?*
- *How might these suggestions help you work through your financial crisis?*



## Back from the Brink



When debt and a medical crisis hit her uninsured family, this financial expert was forced to follow her own professional advice.

*By Ginger Kolbaba*

**P**ersonal financial coach and credit expert Deborah McNaughton will be the first to tell you money doesn't buy happiness or health. And she knows from personal experience. Deborah's been financially successful (she and her husband, Hal, owned three real-estate companies in her home state of California), and she's been in debt to the tune of \$300,000—all while running Professional Credit Counselors, a service she founded in 1984 to help people restore their finances. But while Deborah, 52, readily admits she was an expert on helping others manage their debt problems, she'd never experienced financial hardship herself. That was, of course, before she and Hal incurred massive debt, canceled their medical insurance, and then almost lost their youngest daughter, Mindy, then 14, to a life-threatening illness.



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During Deborah's "trials by fire," she wondered where God was and why he'd allowed this to happen to her family. Yet through it all, she discovered God was providing, comforting, guiding—and, not so surprisingly, using her experiences to transform her into a more empathetic financial expert. "Been there, done that," Deborah now affirmatively says.

Today Deborah has written more than a dozen books and financial manuals, including *The Get Out of Debt Kit*, *The Insider's Guide to Managing Your Credit* (both Dearborn), *Financially Secure: An Easy-to-Follow Money Program for Women*, and *Ms. Entrepreneur* (both Thomas Nelson). She runs numerous national and international seminars and writes a free monthly financial online newsletter ([www.financialvictory.com](http://www.financialvictory.com)). Deborah's also a spokesperson for the Debt Relief Clearing House ([www.debtreliefonline.org](http://www.debtreliefonline.org)) and is considered an authority on credit and finances by such heavyweights as *The New York Times* and *Your Money* magazine. But what makes Deborah such a respected expert is her ability to make eye-glazing financial concepts relatable to the nearly 40,000 laypeople she's counseled.

In this exclusive interview, Deborah discusses how she and her husband dug their way out of debt, how they almost lost their daughter, and how she discovered a better way to help others with their personal finances.

### ***You're a financial expert, yet you were \$300,000 in debt. How did that happen?***

In the early 1990s, when the economy took a downturn, Hal and I sold two of the three real-estate franchises we







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owned and operated. We invested what little money we received in another real-estate partnership that unfortunately never got off the ground.

Then we followed some bad advice from our accountant. He suggested we sell our third office with a buy-out option. In other words, if the buyer wanted to get out of the deal after a year, he could get back all his money. Hal and I didn't like that idea, but the accountant pushed for it, so we did it. Of course, the economy went further south and the buyer wanted his money back in cash. But we'd already invested those funds in the other real-estate company that never got off the ground. So we had to come up with more than \$100,000. We ended up getting loans and dealing with tax issues. Plus we had about \$50,000 in credit-card debt—most from our business, but also some personal, because we were broke.

#### ***As owner of Professional Credit Counselors, you had your own credit-card debt?***

Right. Until that point, Hal and I were able to take care of the balances each month. But our real-estate losses hit us quickly. Our incomes dropped 70 percent; we were surviving solely on what Professional Credit Counselors was earning. Suddenly we were \$300,000 in debt—once you added all the interest on the loans, the late fees, and the surcharges.

#### ***So you suddenly found yourself on the brink of financial disaster.***

Yes. While I worked in real estate, I did extensive research to help my clients with their credit. That knowledge helped me found Professional Credit





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Counselors. But I never thought I'd face some of the hurdles my clients faced! We were getting hit left and right. We had creditors calling us, and there was absolutely nothing we could do. It was just a matter of survival.

When you're that far in debt, you don't wake up one morning and it's all okay. The bill collectors and the IRS were *not* going away. I knew enough to realize I needed to keep open communication with our creditors, even though I couldn't pay them anything.

#### ***Where was God in this?***

God always provided what we needed to survive. We never had our power turned off. We always had a place to live and food to eat. We always were able to continue tithing on what little income we did have.

Several times girlfriends who didn't know what I was going through would invite me out to eat, their treat. One time our utility bill was due and we didn't have the money to cover it. At the eleventh hour, I sold one of my business manuals, which covered the bill. It was as if God were saying, *You're going to be okay. I'm here.* Something always came through when we needed it, but it wasn't going to pay the loans or the credit-card debt. Hal and I had created that monster.

#### ***What do you mean?***

We created our mess. We could have blamed everyone else for it: *The creditors did this; the IRS did that.* But we knew we'd done it to ourselves.





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I spent hours praying for God to give us wisdom to know how to deal with each situation that arose. I also prayed that he'd give us ideas on how to pay this back. But if I needed \$10, I never prayed for \$10. I didn't pray for sums of money. I said, "Lord, help. You know the need." And that survival money always arrived right on time.

#### ***Did you have a plan to reduce your debt?***

We did—it was waiting for the next big deal, which never happened! In the meantime, Hal and I decided to cancel our medical insurance because we were healthy. It was an extra expense we just couldn't afford.

Just 30 days later, the unimaginable happened. Our youngest daughter, Mindy, had to have emergency brain surgery and almost died.

#### ***What caused Mindy's medical condition?***

The surgeon told us she'd been born with hydrocephalus, a condition in which an abnormal accumulation of fluid in the ventricles causes them to enlarge and compress the brain.

Mindy had been a walking time bomb. There had been symptoms, but they'd always disappear, so nobody knew. Her brain swelled four times the size it should have been. They drained off a tremendous amount of fluid and put a shunt in her brain. She recovered with no side effects. Since then she's had three more surgeries; one was a new procedure that's allowed her to go without the shunt. She seems to be doing really well.





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God's hand was on Mindy every step of the way. The surgeon said if we hadn't reacted as quickly as we had, she wouldn't have made it.

I felt God had healed her. But then the bill came! A \$50,000 medical bill in addition to our other financial problems.

#### ***So you owed \$350,000 at that point?***

Yes, but two miracles happened. The first was that Mindy survived the surgery. The second was that the hospital had a special program for trauma children. We learned several weeks later that Mindy qualified for the program. It covered the whole bill.

#### ***One hundred percent?***

One hundred percent. This trauma center informed us that because of the special nature of Mindy's case and the level of our income, we'd be charged a reduced amount. Then one day, they called and said, "Mrs. McNaughton, we're waiving the amount." I don't understand how it happened except to say God was watching out for us. But in the meantime, we experienced another trauma.

Hal's father had loaned us some money to pay our survival bills—the house, utilities, food—that Hal had deposited into our bank account. During the week Mindy had her surgery, the IRS swooped in and took out all our money. I thought I'd made an arrangement with them, but I didn't get it in writing. So we arrived home to find all our bank accounts had been cleaned out.





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#### ***What did you do?***

I called the IRS. I broke down, cried, and explained what had happened that week and that they'd taken money loaned to us just to survive. The woman I spoke to was sympathetic. She said, "I'll return all your money except \$100." That's why it's important to communicate with your creditors. If I hadn't communicated with her, nothing would have happened.

#### ***That seems like another miracle.***

Well, I needed that, because as Mindy recovered, my grandmother broke her arm in the nursing home. Since I was the only family close by, I had to take care of her. Then my mother had to have surgery. My husband got violently ill and had to be rushed to the emergency room. Everything happened in a six-week period. I thought, *What more can happen?*

#### ***Enough is enough!***

Exactly. I wailed at God, "What's happening here? I can't take one more minute. Where are you, God?" After I cried myself dry, I opened my Bible. Here's what I read: "Then you will call, and the Lord will answer; you will cry for help, and he will say: here am I" (Isaiah 58:9). I'd asked, "Where are you?" And God said, "Here am I." That was all I needed; I just needed to know God hadn't left me.

#### ***How did your life change from that point?***

After all this happened, Hal and I said, "We've got to make some changes. We have no insurance. We have a child who just had brain surgery. She's going to need follow-up medical care." Hal decided to go to work for someone else as a financial planner. They had group insurance—and they took Mindy.





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And I decided to take the advice I'd given others through my Professional Credit Counselors!

#### ***Did you ever feel hypocritical being in debt and still running Professional Credit Counselors?***

Yes and no. Sometimes I wondered, *What would people think if they knew I was going through this?* But I also realized it was a poor economy and we had made poor choices.

Our game plan was to take bits of money, contact creditors, and negotiate with them. We finally got everything paid off, but we were in debt for about six years.

#### ***I didn't know you could negotiate with creditors!***

You can. Creditors know getting something is better than nothing. They realize you could file for bankruptcy. So I'd contact the creditor and say, "Okay, I have this much money. I can settle this with you and have it to you by the end of the month." Then they'd take it or leave it. Typically, creditors will work with you—but you can't be late or default. You even can contact the IRS to do what's called an offer in compromise. They'll work with you on a payment schedule or reduce the original amount owed. Hal and I saved about two-thirds on some of the debts.

#### ***How were you able to do that?***

They negotiated on a reduced settled amount. We had tax specialists advising us to file for bankruptcy. I'm glad we didn't. We got the majority of the debts settled—and kept our credit and financial reports clear. Many times people file for bankruptcy because creditors are intimidating them.





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That's the worst reason to do it. People don't realize when you file for bankruptcy, it's on your credit report for 10 years. I didn't want that.

#### ***You're now debt-free?***

We're debt-free.

#### ***What advice would you give other women in debt?***

Stay focused. Make a plan to get out of debt. Seek advice from a debt management company that will negotiate with creditors on your behalf to lower your interest and your payments. I learned through this hardship that things *can* get better. God will give you the wisdom and strength you need. And once you're on the other side, you'll have a ministry! God's been able to use my experiences, because now I can empathize with women struggling under the weight of debt.

#### ***How can women protect their finances?***

Learn how to balance a checkbook. That sounds so simple, but you can't believe how many women don't know how to do that. Start putting aside money.

What you don't know *can* hurt you. If you're married and your spouse handles your finances and he dies, for instance, not only are you mourning your loss, but now you're stuck with a checkbook you've never balanced, bills you've never had to pay, retirement, investments, and life insurance you know nothing about. And what if your husband put you into debt? You're now responsible for that, too. It's enough to push you over the edge. You don't have to read all the books, but at least communicate.





## Surviving a Financial Crunch

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### ***But what about the single woman who feels fairly confident financially?***

Want a good wake-up call? Contact Social Security and find out how much you'll be paid upon retirement. Can you live on \$500 a month? Probably not. When you discover you're hardly going to make anything, you'll start putting money aside.

And there are so many different ways you can save money! A lot of people think they can't pull out one more dime. Well, married or single, journal *all* your expenditures.

So if you buy a Coke, write it down. You write: "Coke: \$1.25." Do this for 30 days. Make columns. This is for my Cokes. This is my coffee. Fast food. Clothes. Gasoline. Every dime you take out of your ATM, write it down. When you total the columns, you'll be surprised to find out how much you've spent. Hal and I have done this when we're trying to strengthen our budget. It's helped us see what we can cut back on.

### ***What if you're married and you want to journal, but your husband isn't interested?***

Do it without him. One problem married couples have is tracking ATM withdrawals, because if it's a joint account, whoever's taking care of that checkbook needs to have all the withdrawal slips.

I had a woman tell me her husband takes money from the ATM for gas and miscellaneous things but never gives her the receipts, so they're always short about \$300 a month. If he forgets to give you the receipts, go online or call your bank's hotline and check your account every few days.







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#### ***Once you tally your expenditures, then what?***

Open an emergency-only savings account and start depositing. Or talk to a financial planner who can give you direction on mutual funds or money market accounts for the amount of money you can invest. If you give them the goal, they can put the plan together. If it's to retire by the time you're 65 and you're 35, they can calculate how much you need to save per month.

#### ***Shouldn't we trust God to supply our needs?***

You're good. I think we should wait until the money tree grows in the backyard. [*Laughs*] When Hal and I were going through hard times, I can't tell you how many times I hoped I'd wake up to find a tree with money on it!

Seriously, if you're short on money, find a way to create money. A lot of professions don't pay a lot. So you have to live within your means. It's not God's fault if you live outside your means, go into debt, and don't save for retirement; it's your fault.

#### ***How can we cope during unsettling economic times?***

The first thing is not to panic. Pray God will give you a peace to walk through the storm and to come up with a plan quickly. Make an extra effort to tithe. In Malachi 3:10, God says, "Bring the whole tithe into the storehouse. ... Test me in this. ... and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it."

Concentrate on paying your survival bills first—your home, utilities, food. After you've paid these, go to the next mode—credit cards, car. But you have to put everything in





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the right order. If you mess up and pay your creditors first because they're screaming the loudest, you're going to take food from your children, you're going to have utilities turned off. Creditors can be ferocious, but try not to let them rankle you. I know, I've been there.

#### ***What else have you discovered?***

God is faithful. He's proven himself to me again and again. I've learned never to lose faith; even when the reports might be one way, God has his own report.

Psalm 37:5 says, "Commit thy way unto the Lord, trust also in him; and he shall bring it to pass" (KJV). And 2 Corinthians 12:9 says, "My grace is sufficient for you, for my power is made perfect in weakness." Those verses have sustained me many times. During times when I wonder, *Why do these things happen?* God reminds me that his grace is sufficient.

I look back over my life—the different developments that were so tragic at the time—and I see how God's using those things to better me and to help other people. He's grooming us to reach out to others. Everything we go through in life is a stepping stone to who God's perfecting us to be.

*Ginger Kolbaba, Kyria editor, lives with her family in Illinois. This article first appeared in the March/April 2003 issue of TODAY'S CHRISTIAN WOMAN.*





## Surviving a Financial Crunch

### Back from the Brink

## Reflect

- *How does it make you feel to know that a professional credit counselor could struggle so much with her own finances?*
- *Where have you seen God at work in your financial situation?*
- *What have you discovered about God and about yourself through your financial struggles?*



## “My Husband Spends Too Much Money”



What to do when you discover when you're debt.

*By Dr. Diane Mandt Langberg*

**Q:** *I just discovered my husband of two years has racked up enormous creditcard debt on top of our large student loans. I'd always assumed there were no financial secrets between us, but apparently I was wrong. His way of reacting to the stress of our financial emergency is to continue spending, but we're only getting deeper into trouble. What can I do?*



## Surviving a Financial Crunch

"My Husband Spends Too Much Money"

**A:** You and your husband need to seek immediate help. Set an appointment with a financial consultant. You need advice on how to handle your current debt—and how to keep from accruing more. It's likely a financial advisor will recommend you destroy your credit cards. He or she also can teach you how to budget so you can stay on course.

I also suggest you seek marriage counseling. Your husband's integrity has been thrown into question, and your trust in him has been profoundly shaken. Your marriage is at risk for greater damage. Marriage counseling can help you both understand what's behind your husband's overspending (he may need some individual counseling) and help you repair the damage already done to your relationship.

It's possible your husband will refuse both these suggestions, or simply assure you he'll stop spending and everything will be fine. Don't allow yourself to settle for that response. It's highly improbable your husband will stop other than momentarily without help. Pursue these suggestions on your own if he refuses to join you.

If your husband persists in his behavior and rejects help after you've consulted with a financial advisor and counselor, talk to a lawyer to see if there's some way you can protect yourself from ever-increasing debt. You also may want to bring in a pastor or church





## Surviving a Financial Crunch

"My Husband Spends Too Much Money"

leader to help you confront your husband with his destructive behavior. Seek out a few friends who understand what you're facing and who will pray for you and support you as you struggle with this difficult issue.

*Diane Mandt Langberg, Ph.D., is a licensed psychologist in private practice and the author of On the Threshold of Hope: Opening the Door to Healing for Survivors of Sexual Abuse (Tyndale). This article first appeared in the May/June 2002 issue of TODAY'S CHRISTIAN WOMAN.*

## Reflect

- *How has your financial stress impacted the relationships in your life?*
- *What roles have blame and forgiveness played in your situation?*



## Surviving a Financial Crisis



Here's how two couples  
responded to money woes.

*By Deborah McNaughton*

Jay and Mary had been married five years. When they had their first child, Mary quit her job to be a stay-at-home mom. They felt confident that Jay's job as a sales representative would bring in enough money to provide for their family. They were living their dream—until Jay's company took a financial dive and began to downsize. Mary knew something was wrong when Jay arrived home early one day. He told her the news: He'd been laid off his job with only a two-month severance package.



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### Surviving a Financial Crisis

The couple was devastated. They had no other income and little savings. They didn't have enough money to survive. Mary panicked, which caused Jay to react negatively. They became tense and argumentative. Jay felt as if he was letting down his family for not being able to provide financially for them.

After one especially tense discussion, Mary went into their bedroom to pray and felt God tell her she needed to encourage Jay, to let him know she had complete confidence in him. Then she recalled the Bible verse: "For God hath not given us the spirit of fear; but of power, and of love, and of a sound mind" (2 Timothy 1:7, KJV). She realized her panic wasn't helping the situation; it was making it worse.

So Mary approached Jay and apologized for her reaction to their financial situation. The tension dissipated and together they were able to form a game plan.

The first thing they decided to do was quit spending money. They realized it would be easy for them to go into a denial mode and continue spending, assuming Jay would find another job before the severance package ran out. Instead, they opted to spend only on their immediate needs such as diapers and food, and cut back on unnecessary expenditures such as going out to eat. They also agreed not to use their credit cards, knowing how easy it would be to run up the balance and deceive themselves into thinking they'd pay it off once Jay found another job.







## Surviving a Financial Crunch

### Surviving a Financial Crisis

Next, Jay and Mary made a list of what bills needed to be paid first and stuck to the list. They prioritized their bills into essential and nonessential categories. They paid the essential, or survival, bills first—their mortgage payments, utilities, and food.

Then they made their car payments and paid the auto and medical insurance. With the remaining money, they concentrated on the nonessential bills—those that have no immediate consequences if paid late: credit cards, medical bills, newspaper and magazine subscriptions, life insurance, health club, and clothing.

They discovered by paying their survival bills first, they were able to stretch their money further.

The next step Jay and Mary took was to contact their creditors, including their mortgage and auto lenders, to update them on the situation. By communicating with their creditors, they discovered most were willing to work with them. They were able to establish a repayment plan they could afford, which allowed them to make partial payments and not be considered delinquent.

To ensure their creditors were on the same page as they were, Jay and Mary took notes of each conversation, listing the date and person with whom they spoke. Then they asked for their agreement terms to be sent to them in writing before they sent any money.

Some creditors, however, were ruthless and sent their name to collection agencies, who called them at all hours making threats. Finally, Jay and Mary contacted





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[www.ftc.gov](http://www.ftc.gov) to get a copy of the Fair Debt Collection Practices Act. After reviewing their legal rights under this legislation, they realized many of these companies were violating the law, which prompted them to file a complaint with the Federal Trade Commission. The FTC investigated the complaint, discovered that those collection agencies were in violation, and the agencies were ordered to stop harassing Jay and Mary.

Finally, they joined their church's special financial planning program, as well as a debt management company, which helped them reduce their payments and lower their interest rates.

In the meantime, Jay continued aggressively seeking new employment. He was able to receive unemployment, and by the ninth month of being without work, Jay found a new job. Jay and Mary knew it was going to take time to catch up on their past due bills, but they were able to avoid bankruptcy.

### Preparing for the Worst

Bill and Rhonda watched their friends Jay and Mary go through their financial devastation and started to wonder, *Could that happen to us?* They decided to take proactive steps to prepare for a crisis.

The first thing they did was to talk to each other about the reality of their financial situation. They decided they wanted to have at least three to six months of living expenses set aside in case of an emergency. They also decided to open a special "emergencies only" savings account that would have at least \$2,000 at all times.





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### Surviving a Financial Crisis

Because they didn't have an extra \$2,000 sitting around anywhere, they had to get creative on how to come up with that money. They decided that when they each received their paychecks, they'd tithe first, then they'd "pay themselves" by putting 10 percent of their checks in that savings account. That would give them more than \$2,000 in less than a year's time.

Next, like Jay and Mary, they also prioritized their bills. They opted to total their monthly income and expenses, which included keeping a journal of all their expenditures. They kept track of everything they spent—each trip to the atm, to restaurants, even to vending machines. They listed every penny for 30 days, then evaluated their journal. Once Bill and Rhonda took a good look at their financial situation, they realized they could be prepared for a financial crisis by simply changing their spending habits. They were shocked to see how much money they were wasting. Between the two of them, they were spending more than \$150 a month for gourmet coffee and fast food. They found by cutting back in that area, they were able to begin saving more for their future.

Bill and Rhonda also looked at what they were spending and paying on their credit cards. They kept a record of their purchases and began to pay off the balance at the end of each month. Then they canceled all their credit cards except for the two with the lowest interest rates. They put one in a safe-deposit box and tucked away the other, so they wouldn't have easy access to them. By taking proactive steps, Bill and Rhonda felt confident they were ready to weather whatever financial storms came their way.





## Surviving a Financial Crunch

### Surviving a Financial Crisis

Bill and Rhonda had a wake-up call witnessing what their friends were going through. And had Jay and Mary been better prepared for their financial crisis, they would have felt more confident that they'd be financially secure during the break in Jay's employment. Both couples learned that when things are going well with their finances, they need to plan ahead. Faith, hope, and a plan helped them stay focused. But they also learned that no matter how difficult the financial storm is, the circumstances will eventually improve and things will eventually get better.

#### **Prepping for a Crisis**

Talk to each other. In most cases—and especially where finances are concerned—two heads are better than one. Find a time when you and your spouse can sit down, discuss your money, and set up a workable plan for emergencies.

***Prioritize your bills.*** By determining which bills to pay in which order, you'll get in the habit of making sure your essentials are always paid first.

***Be careful using credit.*** Sometimes a financial crisis will come not because of a layoff, but because you're overextended. Most people can afford to devote 10 percent of their net income (after taxes) to installment debt, not including mortgage or rent payments. If you pay out more than 15 percent, you need to cut back.

***Establish an emergency fund.*** Open a savings account and start "paying yourself " 10 percent of each paycheck.





## Surviving a Financial Crunch

### Surviving a Financial Crisis

#### **Weathering a Storm**

***Don't panic.*** When facing a financial crisis, stay calm. This will help you think logically and you'll avoid unnecessary arguments with your spouse.

***Quit spending money.*** When faced with a financial challenge, it's easy to use your credit cards. But you may run up your balance to the credit limit and not be able to afford the payments, which will result in a poor credit rating—something you won't want during a crisis time.

***Prioritize your bills.*** Pay essential, or survival, bills first: food, mortgage or rent, utilities. Next, pay car insurance, medical needs, child support, and any loans such as automobiles and furniture that are secured as collateral. Then pay the nonessential bills—those debts in which no immediate consequences occur if paid late: credit and charge cards, attorney, medical, and accounting bills, newspaper and magazine subscriptions, life insurance, childcare, gyms, or clothing.

***Communicate with your creditors.*** If you can't pay your bills or can only pay a partial amount, your creditors may be able to help you to establish a repayment plan. Some lenders will allow you to defer one payment a year, meaning the payment for that particular month doesn't have to be made. The deferred payment is added to the end of the contract.

Take notes of any conversations with creditors, listing the date and person with whom you spoke. Whatever arrangement you make, get it in writing from the creditor before you send in money.





## Surviving a Financial Crunch

### Surviving a Financial Crisis

**Know your rights.** Many collection agencies are in violation of the Fair Debt Collection Practices Act. To get a copy of this legislation, visit [www.ftc.gov](http://www.ftc.gov). If you feel you've been violated, file a complaint with the Federal Trade Commission at their website.

**Find outside help.** Many churches and parachurch organizations run programs to help you navigate through the financial storm. A debt management company may also be able to help you reduce your payments, lower your interest rates, and pay off your debt faster than trying to do it yourself. Such companies can also negotiate with your creditors to bring your accounts current if they're past due.

**Avoid bankruptcy.** Bankruptcies should be your last resort. A bankruptcy will remain on your credit report for up to 10 years.

*Deborah McNaughton is a financial and credit expert, and author of The Get Out of Debt Kit (Dearborn). Check out her free video, A Gift for America: How to Survive a Financial Crisis, at [www.agiftforamerica.com](http://www.agiftforamerica.com) or toll-free at 800-236-3560. Visit Deborah's website at [www.financialvictory.com](http://www.financialvictory.com) This article first appeared in the Winter 2002 issue of MARRIAGE PARTNERSHIP.*





## Reflect

- *How have you handled panic in your current situation?*
- *Jay and Mary's first step was to quit spending money. Sounds simple, but how difficult do you find it to stop spending? When you analyze your spending habits, in what areas can you cut back?*
- *Have you established an emergency fund? If not, how much could you save each month toward establishing one?*



## Money Madness

Help to keep your finances from driving you nuts.

*By Kelsey Menehan*



About two years ago, I sat in my fancy condominium, with its cathedral ceilings and skylights, and watched my frozen breath. It'd been months since my heat pump had broken—for the third time. Months during which I couldn't find the thousands of dollars I needed to replace it, months of space heaters and warm sweaters that kept the bitter cold at bay, but not the shame.





## Surviving a Financial Crunch

### Money Madness

Today, on paper, my finances look better. I sold the condo and I'm slowly paying off my debts. But the truth is, I've had to work through my love-hate relationship with money. And I know I'm not alone. My friend Robert recently had to take out a second mortgage on his house because he'd "forgotten" to pay estimated taxes on a new home business. Claire runs up huge credit-card charges every month, then struggles to pay the minimum. Betty consistently spends \$500 more a month than she brings in, but recently managed to get a loan to buy a new car with a sunroof. "It'll be all right," she tells me. "I'll figure something out."

### It's All in Your Head

What's going on here? Popular mainstream author and financial advisor Suze Orman would say money problems are literally in our head. "The road to financial freedom begins not in a bank or even in a financial planner's office," she writes in *The Nine Steps to Financial Freedom*. "It begins with our thoughts. And those thoughts, more often than not, stem from our seemingly forgotten past with money."

Though I might not endorse everything Orman has to say, I decided to explore my thoughts and feelings about money. As I scanned through my memories of when money first meant something to me, I remembered an instance when, as a preteen, I overheard my grandfather quizzing my father about how much he was making. Was that real or just imagined disapproval in my grandfather's voice—and defensiveness in my father's? I wasn't sure what our family's money situation was. My mother left most of those decisions to my father, and neither thought it right to talk about money with their children.





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It dawned on me that perhaps there was part of me that didn't want to know about money matters, who wanted someone else (a husband?) to take care of it—and, by extension, *me*. I've had to ask myself if I feel my life as a single person is somehow less legitimate than my sisters' lives and homes with husbands and children. If so, the embarrassing fear (hard for many modern women to accept) must be: The real life I desire will never come. I will be alone.

Other memories brought up questions about the value of things. For example, my thrifty mother tutored me well in the fine art of sale shopping. To this day I rarely buy anything at full price. But while I'm not one of the "rich," I've enjoyed pretending to be.

A while ago, I attended an auction, a fundraiser for an organization on whose board I sit. The board members were instructed to keep upping the bidding. So I threw in a couple of bids for the spa weekend and for the bentwood rocking chair. It felt good, making bids along with folks who could actually afford what they were bidding on! I was the first to raise my auction paddle when an antique oak bed came up on the block. I'm just getting the bidding going, I told myself.

Would it surprise you to know I currently own that oak bed? While I like it, I had no business buying it. I think by buying it, I succumbed to another fear: "You'll always be on the outside looking in."

### Surprising Scriptures

If we want to move beyond our thoughts and fears about money, we need to replace them with God's truth about our





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finances. One way to do that is to study what the Bible says about wealth and our relationship to it. You'd be surprised at how many times God's Word addresses money issues. I'd read, even studied, many of these passages before, but as I read them again in one sitting, I discovered dozens of passages, from straightforward admonitions—"Owe no one anything" (Romans 13:8, NKJV)—to the philosophical wonderings of Ecclesiastes.

I also discovered the Bible doesn't say what I thought it did about money. For one thing, there's no outright opposition to wealth. When Jesus told the rich young ruler to give all he had to the poor (Matthew 19:16–24), it wasn't because Jesus hated wealth. No, it was that Jesus could see that one thing that got in the way of this young man's devotion to God was his devotion to wealth. That hindrance could have been something else—pride, sloth, envy—but for this man, his greatest fear was that he'd lose the protection money offered him.

Over and over, the Bible warns us against pouring our soul into acquiring wealth. Is that because wealth is bad? No, it's because running after it leads to chronic, spirit-sapping discontent. "Whoever loves money never has money enough," the writer of Ecclesiastes observes, "whoever loves wealth is never satisfied with his income" (5:10). His antidote for this life of discontent? "When God gives any man wealth and possessions, and enables him to enjoy them, to accept his lot and be happy in his work—this is a gift of God" (5:19).





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#### Practicing Generosity

I have this recurring fantasy that I'm head of a small foundation that gives away millions of dollars to promote health and healing through the arts. I even picture myself going on *The Oprah Winfrey Show* to promote my cause and getting a standing ovation.

The reality is, I sometimes think I'm too debt-ridden to give. *I'll make up for it someday when I have money*, I tell myself. But the apostle Paul tells us, "God loves a cheerful giver" (2 Corinthians 9:7).

"If fear squeezes the generous impulses out of you, then giving away money is a powerful means to counteract the fear," writes Jerrold Mundis in *Making Peace with Money*. He suggests the best way to get back in touch with the act of giving is to give anonymously. For example, for 30 days in a row, give away 10 percent of all the money that comes in using money orders or bank checks so your church or other charitable organizations won't know who gave. Or for one week, give money to any homeless person who asks. (If you live in a suburb or rural area, get the names of social service agencies in your area and send them a bank check.)

The Old Testament prophet Malachi best sums up what happens to us when we cheerfully and generously give our tithe: "Bring the whole tithe into the storehouse. ... Test me in this," says the Lord Almighty, 'and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it'" (3:10).





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#### **Cultivating Contentment**

As I stood in the checkout line at a bookstore recently, I noticed some magazine-cover come-ons: "You Can Retire Rich," "153 Ideas to Reinvent Yourself," and "It's Time to Shop!"

One of the issues at the core of money problems is often the nagging feeling that wherever you are in life right now isn't good enough. But Ecclesiastes says whatever you have, enjoy it, be satisfied with it.

When I first moved from my condo, I was reluctant to invite people to my new, much smaller apartment. But for my birthday last year, I invited some friends over for dessert. Imagine my surprise when they oohed and aahed over my simple furnishings. "Your place is beautiful," one friend said. "It reflects your creativity and love of color. It's *you!*"

As I looked around at the denim slipcover on the ancient, cat-clawed couch, the colorful pillows I made myself, and the sun streaming through the windows, I thought, *Yes, in this moment, I get it. I can be content with what I have in life—right now.*

#### **Accepting God's Gifts**

Living peacefully with money is indeed a gift from God. It's a gift I hope to receive day by day. They say that a journey of a thousand miles begins with one step. So to help me along, I've hung on my wall next to my desk a list of the debts I'd like to pay off in the next year. Normally, this would depress me. But surrounding this sheet of paper I've also tacked up the truths I've discovered that





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help assuage my deepest fears about money: I'm a child of God; I'll enjoy what I have every day; I'm valuable; I'm free to give and to receive.

As I read these affirmations, I breathe a sigh of relief. It feels like a breakthrough—but I know myself, so I whisper a prayer: "Amen, Lord, let these affirmations be so."

*Kelsey Menehan, a psychotherapist and freelance writer, lives in Washington, D.C. This article first appeared in the March/April 2001 issue of TODAY'S CHRISTIAN WOMAN magazine.*

## Reflect

- *What are your thoughts about money and finances? How do these influence your finances?*
- *Do you struggle with contentment in your life? In what ways? How can you overcome discontentment, and how would that influence your financial situation?*
- *In what ways are your views on money informed by society, your family, or the Bible? Which views should you reject, and which should you embrace more readily? How can you begin doing that?*



## Additional Resources



**The 25-Day Financial Makeover: A Practical Guide for Women** by Francine L. Huff (Baker, 2004; 208 pages). A clear, practical guide for the woman who is ready to get serious about her financial situation.

**From Debt to Life** by Dr. Kregg Hood (Bridge-logos Publishing, 2004; 136 pages). You can be free by following these 10 steps to financial freedom. Contains personalized worksheets.

**Maximizing Misfortune** by Jerome Edmonson (Destiny Image, n.d.; 176 pages). This book will help you erase the pain of your personal loss and disappointments.





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### Additional Resources

**Suddenly Unemployed: Encouraging & Practical Steps for Finding a Job** by Helen Kooiman Hosier (Baker, 2005; 288 pages). Updated and expanded from the first edition published in 1992, this book shows readers how to survive unemployment by making use of available resources.

**When You Lose Your Job** by Donna Bennett (Augsburg/Fortress, 2002; 48 pages). This book offers a brief guide to getting through the first days and weeks of a job loss, and suggestions for getting the next position off to a great start.

**Personal Finances** by Larry Burkett (Moody, 1998). Respected Christian financial expert Larry Burkett used God's Word to show how using a budget will develop a plan of good stewardship.

**Financial CPR: 7 Steps to Avoid a Financial Crisis** by James Paris and J. W. Dicks (Strang Communications, 1993; 191 pages; \$7.99). Christian consumer advocate James L. Paris and attorney J.W. Dicks show how to maintain control when you feel overwhelmed by lawyers, creditors, government agencies—or your own fears.





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