

the debt sentence: how the church can help people in debt

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1 By any other name

One author of a book on personal finance tells of a shopping trip to a supermarket. Another family picked up a packet of frozen meat and said, "*diced rabbit, that should be nice*". The daughter pulled a face and said, "*diced rabbit! You might as well call it 'chopped bunny'*". Whichever way you look at it credit is debt, but using some form of credit has become a way of life for nearly all of us. Credit can be a convenient way of managing money for some while for others credit is a necessary, and costly, way of life. The poor have less access to mainstream credit and they pay more for the credit that they can get via store cards, catalogues or sub prime lenders. Whatever our personal situation, it is important to think carefully about borrowing on credit and be aware of the pressures in the world around us to spend money that we have not yet got. Banks and building societies encourage us to take out new loans, apply for credit cards or to extend the mortgage for the house, for the kids' education or for that 'once in a lifetime' holiday. TV adverts promote consolidation loans and make dealing with excessive credit seem normal and acceptable. Students will leave college with a personal debt set against the potential for higher earnings.

For tens of millions of us, Christians and non Christians alike, debt is a reality of modern life. Even if we have no credit cards, millions of us carry the largest debt of all in our mortgage. We live in a credit economy; the issue affects us all and the benefit to those who manage credit wisely comes at a cost to those who struggle with credit. Most people pay their debts but millions are vulnerable to changes in the economy or in our personal circumstances. It would not take much for us to join the number of people, estimated between 500,000 and 2 million, of people for whom payment of debt is a serious and pressing problem.

Debt blights the lives of millions and anxiety around money affects the lives of many millions more. These people are in our churches and in the communities that we serve. This briefing paper from Stewardship Money sets out the scale of the debt problem, the impact on people's lives and suggests ways in which churches can meet the need in the light of the time, people and financial resources available to each local church.

2 Debt: what's the problem?

The continuing availability of easy credit, media pressure to adopt a materialistic lifestyle, a "*buy now – pay later*" culture, and fluctuating social and economic circumstances, have combined to produce a rapid rise in personal borrowing in the UK:

- The average household debt at 1 Oct 2007 for those with any form of unsecured credit in UK was £20,800 (and that does not include our mortgage debt).
- Britain's personal debt grows by £1 million every 4 minutes.
- In 1971 there was one credit card there are now 1300. In 1971 credit card debt was £32 million; to day it is £53 billion. In 1975 what we owed in credit was just 40% of our income (the ratio). Today this 'debt to income' ratio is 164%.

Unfortunately, the rise in personal credit coupled with a sharp reduction in household savings has left millions of households exposed to money worries and vulnerable to unsustainable personal debt. These concerns have a destructive effect on individuals and family life, involving home repossession, eviction, bankruptcy, etc.

- 8.2m British adults are in serious debt (more than £10,000 of unsecured debt) and 2.1m are struggling with their debt repayments.
- 77 properties will be repossessed today.

- 317 people will be declared insolvent or bankrupt today.
- Citizen Advice Bureaux will deal with 6,600 new debt problems today.

Debt enquiries to CABx in England and Wales increased by 20% in 2006. The number of debt problems has doubled in the last 10 years and debt is now the number one issues advised on in CABx, accounting for one in three of all enquiries. These financial problems can lead to health issues, family break-ups and even suicide:

- According to a recent report by the Legal Services Research Centre (LSRC), 89% of debt clients interviewed reported worrying about money problems 'most' or 'all' of the time.
- Around three in five clients reported having received treatment, medication or counselling as a result of their debt situation.
- Research by BBC Breakfast suggests that more than a quarter (27%) of us are anxious about how to pay the bills.

3 Why should the Church get involved?

Firstly, the Church is already involved because there will be people in every church and in every community who are struggling with debt, fearful of admitting the problem and simply do not know where to find help. The poor are the most vulnerable; half of indebted households have an income of less than £7,500. But debt knows no economic or social boundaries and is found in the poorest and the wealthiest communities. One author and speaker was thanked by a pastor at the end of a church meeting for talking about money not debt. It was, the pastor explained, a wealthy community. The bookstall sold nearly 50 copies of a guide to dealing with debt.

Secondly, the church should get involved because the bible has a lot to say about money, possessions and personal debt. Quoting Isaiah 61:1-2 Jesus (Luke 4:16ff) sets out the blueprint for His ministry and in so doing gives us a model for ours. Each category mentioned in Isaiah 61:1-2 is relevant to people suffering from a debt crisis. They often feel trapped, oppressed and overwhelmed, seeing no way out of their situation. By being prepared to listen and offer some practical support, Christians have a real opportunity to reflect the love of God for people in these circumstances.

Jesus taught that a person's sense of worth and value is not to be derived from his or her wealth, possessions or the value of his estate. Luke 12:15: *'And he said to them, "Take heed, and beware of all covetousness; for a man's life does not consist in the abundance of his possessions."*' The reality is that how we handle money (and that includes for us today managing in a credit economy) is directly related to the integrity and authenticity of our relationship with God. Money is part of who we are before God.

What is more, the bible speaks the language of debt very clearly. In some of Jesus parables indebtedness takes centre stage (Matthew 18:21ff; Luke 7: 36ff). The Lord's Prayer asks that debts should be released while a debt we cannot repay is one of the images by which the work of Jesus on the cross is explained. The OT law is explicit that money should be loaned to the poor and that debts incurred are to be cancelled every seven years (Deut 15:1-10) so that the cycle of poverty is broken. The teaching that interest is forbidden (Lev 25:35-38; Deut 23:19-20) finds at least one modern application when creditors sometimes cease to apply interest to a debt once an agreement to repay the debt is reached. By helping people caught up in the trap of debt we are offering real hope to people by setting them free of the control that money can exert through fear and guilt.

Read the personal stories of how Peter and Nicole and Janet and Eric struggled with debt and found financial freedom by visiting our website http://www.stewardship.org.uk/money/docs/debt/personal_1.doc

The debt problem is so large that all existing secular agencies are struggling to cope with the demand for their services. There are often long waiting times for appointments or it is difficult to get through to them on the telephone. It is also incredibly difficult for people to acknowledge that they have a debt problem. Those in debt will often wait up to a year before seeking professional help and all too often it is the threat of court action that puts the problem in the spotlight. But all this time the problem has been getting worse and there is little time to act.

It is usually the case that the debt problem is only the tip of the iceberg. The Church can provide an important extra dimension by caring for the indebted individual's emotional and spiritual needs, as well as seeking to resolve the financial problem. Through the care offered, the self-confidence of people struggling with debt can be developed so that they can start to face up to their problems. This 'handholding' role is often the vital first step along the path of recovery from over-indebtedness. Just as Jesus did on the Emmaus road, the Church can take the time to minister to people by walking alongside them, listening patiently and gently to their worries, their disappointments and the sense of loss and failure and anger that people who are in debt often feel.

The Church also has a great opportunity to prevent over-indebtedness happening in the first place by teaching the biblical principles of handling money, linked to simple, practical advice on money management, lifestyle choices and generous giving. The Church can help meet needs by providing a local and readily available service for its members and/or its community. We can take action but we also have to ask ourselves some hard questions as well:

- Do you know how healthy your bank account is or the level of your overdraft?
- What is the total value of credit card debt, bank overdraft, hire purchase, car loans and personal loans in your household?
- If you are in a relationship, do you talk about money together and do you both know what is going on with your personal finances?
- Do you feel in control of your own household or personal budget?

4 How can the Church get involved?

The experience of many churches is that the best way forward is to start small, grow in confidence and develop gradually. At Stewardship we encourage the local church to think strategically and adopt an approach which will be sustainable and that means thinking and praying before rushing to act.

- Investigate what other services are already available in other local churches and their community. Duplication is rarely helpful.
- The vision for financial freedom may be held by just one person in the church so it is important to take time to pray about the issue and to build awareness of and support for action in this important area.
- Take the time to share with your church leadership. They may well ask **you** to act but you need to know that they are aware of the issues and that you have their support wherever possible. You need your pastor to open up the money texts in the Bible in his or her preaching, to commend and support money-related bible study

groups or practical workshops, to be aware of this need in their pastoral ministry and, where appropriate, refer people who need help to you or one of your team.

- Be gentle with your pastor! Not every issue can get his or her full attention and remember pastors can have money worries of their own or be anxious about talking about a potentially difficult subject with their people. So tread prayerfully and gently when building consensus around the need to minister in this area.

Practically speaking there are a number of options that a church could consider.

4.1 Stewardship Volunteer programme

In some churches, perhaps just one or two people may wish to be involved in this work. They should consider becoming a part of the **Stewardship Volunteer Network**.

They would join a professionally supported volunteering programme which already has over 220 volunteers in the UK. One of the key activities of the Stewardship Volunteer is to explore what free and independent services are available locally for people with financial worries and to be a point of contact in the church if anyone needs guidance in this area. These services are publicised through posters and literature in the church and in the local community. Volunteers might put articles about debt or good money management in the church magazine or the local free press to make people aware of the issue and sources of help. Some volunteers have a local speaker role and present a wide range of resources to small or large groups from churches or from the community.

In addition, Volunteers can train as a **Personal Budget Coach** to help people to put together and use a personal budget. A financial background is not necessary to help others develop and live within a realistic budget. In any church there will be those who are worried about money and a Personal Budget Coach can offer practical, prayerful support as part of the pastoral ministry of the church. A number of pastors routinely seek the permission of congregation members struggling with money issues to refer them to a Personal Budget Coach in the church for ongoing support.

Stewardship provides support, training and resources Volunteers. Details of our Volunteering Programme and application forms can be obtained from our web site www.stewardship.org.uk/money

4.2 Set up a Church Money Ministry

A local church Money Ministry (CMM) is a service provided by a church or group of local churches to “clients” from the congregation or members of the local community, to help them take control and stay in control of money and to signpost to professional support when necessary. The Church Money Ministry is built around the distinctive role of a Personal Budget Coach (PBC). A PBC is rather like a triage nurse, a skilled, trained individual who can make judgements about who needs specialist help and who they can assist themselves. PBCs are not debt counsellors but individuals trained to assist people in preparing a realistic budget and to consider ways of increasing income and reducing expenditure without providing any form of debt or financial advice. A Church Money Ministry is likely to include:

- assistance in the preparation of a personal or family budget
- teaching better ways to manage money
- promotion of biblical principles around money and possessions
- listening to financial concerns and providing pastoral care in the congregation
- many CMMs will also be actively involved in promoting the importance of money management and awareness of debt in their local community

- guidance in relation to debt by identifying and signposting to professional help
- help in making informed financial decisions
- encouraging people to take responsibility for their situation
- mentoring until the person is in control of money
- prayer for a "client" and/or with a client if appropriate and requested

Typically a church money ministry will have around 6 volunteers, less in a smaller church. Stewardship helps churches scope, plan, set up, launch and run a Money Ministry and offers ongoing support to the team via the team leader. Stewardship Money's training programme includes a half-day introduction session "***Managing Money God's Way***" which explores money from a biblical perspective. This is followed by a **Personal Budget Coach Training Day** equipping volunteers to get alongside people in the church and community who request help to manage their finances more effectively.

Following the training, the preparation of a realistic budget can be offered to a wide range of people including those planning a major life change, individuals, families, students going off to university, couples getting married, single parents, people who have been recently bereaved, people who are in debt etc.

The strategic advantage of a Money Ministry is that it is local and personal. People in debt are often extremely vulnerable and fearful once they realise they are in debt over their heads. A good role for a local church to adopt as part of its Money Ministry is that of being a hand-holder and being a signpost to expert services. A Money Ministry is scaleable from a single church to a town-wide shared initiative and because it is a volunteer initiative it carries few financial overheads and is therefore sustainable. Finally, a Money Ministry is complementary to debt advice and allows for this development if the church decides to establish a debt centre.

Read the story of ADAM, Ascension Debt and Money, a Money Ministry established in south-west London (see www.stewardship.org.uk/money/docs/roles/ADAM_story.doc).

4.3 Set up a full debt advice service

Some churches go the 'whole hog' and establish a full debt advice centre, providing technical and professional debt advice and support. This is an area which demands a lot of technical knowledge and time. Debt advice is a regulated activity and needs to be set up in a professional manner. It can easily take 12 months or more to establish a debt centre with professionally trained advisers, a consumer credit licence, indemnity insurance and much more. More details of what is involved in this can be found in a separate Stewardship briefing paper entitled "*Debt Advice as a Professional Activity*" which can be found at (www.stewardship.org.uk/money/docs/debt_profess.pdf)

Stewardship works alongside two Christian organisations that specialise in helping churches set up a debt advice centre. Each organisation has its own distinctive approach but both are experts in their field and will provide any church with a fully professional service and model for debt counselling.

(a) Community Money Advice (CMA)

CMA is a national charity dedicated to supporting, training and resourcing churches wanting to give debt advice and those churches that are already actively giving advice. There are about 50 CMA centres in partnership with churches across the country. CMA can provide the advice, training, insurance and accreditation a church will need to establish a debt centre. Read the story of a CMA debt centre in Bermondsey, London (see www.stewardship.org.uk/money/docs/debt/cma_story.pdf).

(b) Christians Against Poverty (CAP)

Christians Against Poverty (CAP) is an award-winning national charity that works in partnership with local churches who want to reach out into their communities through the medium of debt counselling. The local church should be at the heart of God's work. In practice this means that while CAP gives a professional debt counselling tool, the church provides the support, care and welcome to those interested in knowing more. Read the story of a CAP debt centre in Northallerton from our web site www.stewardship.org.uk/money/docs/debt/cap_story.pdf

4.4 Other practical opportunities:

Other opportunities you could consider are to:

- Display a Stewardship debt poster on your church notice board (downloadable from our website) and some debt cards on your literature table (copies can be obtained from Stewardship). If your friend or neighbour came to you with a debt problem would you know where to take them for help? Find out local sources of help and advertise them.
- Establish a hardship fund that can provide immediate financial help in urgent circumstances. Careful assessment is necessary to ensure the help is used for the purpose for which it is given. It should be regarded as a temporary "first-aid" measure with the person concerned being encouraged to seek expert advice for longer-term remedy. Such loans may not always be repaid, but it is a good discipline for the person receiving help to be asked to do so as their circumstances improve. It is wise to ensure that the church leader or pastor is not seen as the 'banker' since defaulting on a loan is more likely to cause the person in debt to avoid coming to church, thus losing or threatening the pastoral link.
- Set up a collection centre for storing and distributing second-hand furniture, household equipment, clothing, children's toys etc. Gifts of such items, or of food, may be more appropriate than money under certain circumstances. It is important to ensure that any household equipment offered is in good and safe working order first.
- Grow the awareness of Christian teaching on money and possessions within the congregation. The bible in general and Jesus in particular has plenty to say about money, so money should never be a taboo subject in church. Encourage your pastor to preach on practical money management and a biblical approach to possessions and financial decision-making because Jesus was clear that this affects our spiritual life. Cultivating a right attitude towards money and growing in generous giving are vital if we are to find financial freedom and the abundant life Jesus promised. Encourage small groups in the church to explore the richness of what the bible has to say about money during the week. Consider running our Stewardship workshop *Money: How are we Managing?* This looks at a biblical approach to money, practical budgeting and managing credit and borrowing. There are a range of resources at www.stewardship.org.uk/money
- Consider setting up a **Credit Union**. Credit Unions are properly regulated community banks which allow members to both save and borrow. The benefits are huge but starting a Credit Union from scratch is a big undertaking, being a complex and time-consuming process. It may be possible to get involved with an existing credit union in your area or to join in partnership with local groups to get one started. For more details see a separate paper at www.stewardship.org.uk/money/credit_unions.htm

Almost all churches and certainly all communities will have people who are worrying about their financial circumstances and we believe that the services we offer are of relevance to all who are struggling in this area. If you would like to explore the issues raised in this briefing paper please talk to us. Stewardship Money can run a short session for your church or leadership team. We also offer a range of practical, interactive seminars. For more information contact Fiona Mearns at education@stewardship.org.uk

5 Appendix: useful contacts

Stewardship Money

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enquiries@stewardship.org.uk

www.stewardship.org.uk/money

Community Money Advice (CMA)

Cobblestones

Minsterley

Shrewsbury

Shropshire

SY5 0BA. Telephone 01743 790909.

www.communitymoneyadvice.com

Christians Against Poverty (CAP)

Jubilee Mill

North Street

Bradford

BD1 4EW

01274 760720

www.capuk.org

Consumer Credit Counselling Service (CCCS)

Helpline: 0800 027 4995

8.00 am to 8.00 pm Monday to Friday

www.cccs.co.uk