

# CHRISTIAN MONEY \$ENSE

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## The Christian and Bankruptcy

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In the last article of Money Sense, it was indicated that voluntary indebtedness could get so out of hand that the thought of declaring bankruptcy could become a matter of consideration for many people—including Christians. According to the August 1999 American Bankruptcy Institute report, there were over 1.4 million bankruptcies filed for the twelve months ending in June 1998 and just under 1.4 million filed ending in June 1999. A little over 97% of the filings were *personal* bankruptcy. This has taken place in an economy that has the lowest unemployment, interest, and inflation rates in recent history.

What should the Christian's viewpoint be on this subject? Ecclesiastes 5:5 says, "Better it is that thou shouldest not vow, than that thou shouldest vow and not pay." A Christian should not take on any debt that he or she is not prepared to repay, cannot repay, or does not intend to repay. A believer's word should be as binding as any signed contract. As believers, we are bound to repay whatever it is that we borrow. The circumstance of our indebtedness or the length of time for repayment is irrelevant. Bankruptcy does not negate our biblical responsibility to repay the whole debt, and should be the very last thought to the Christian—and then only after all other options have been exhausted.

Remembering that Psalm 37:21 says, "The wicked borroweth and payeth not again: but the righteous sheweth mercy, and giveth," what options are available to the Christian? Here are some preliminary options to consider before bankruptcy becomes a final option.

- Place yourself on a strict budget and commit to following that budget under all circumstances. This means that the further use of credit must not be allowed.
- Apply the biblical principle of Matthew 5:25 to this situation. Go directly and quickly to the creditor to avoid any possible legal judgment against you. Immediately contact each creditor in writing, giving the details of your situation, and offer a plan for repayment. Ask the creditor to accept this plan. You can do this yourself, or it can be done by working with a credit counselor. A Christian credit counselor should

be the first consideration, but other credit counselors can be found in the yellow pages. These people are skilled in working with creditors and can usually negotiate acceptable repayment plans. Once a repayment plan is agreed upon, be committed to following through with the plan.

- Consider selling assets, liquidating any investments, taking a second job, or seeking gifts from family in order to repay your debts.

If the creditor refuses to work with you and forces you to declare bankruptcy, it is the creditor's decision, not yours. I know of a family who lost their farm to bankruptcy a number of years ago. This family contacted each of its creditors. A commitment was made to pay back the difference between what each creditor received in payment from the bankruptcy settlement and what was actually owed. This was the correct biblical response to their circumstances, and God will honor this family for keeping their word.

In conclusion, when the press of the creditors is heavy and it appears that there is very little hope, God is able to help (Jeremiah 29:11-13; 33:3). We must at all costs follow sound biblical financial principles if we are going to honor God as good stewards of the resources He has entrusted to our care. God's Word is clear that we are to be people of our word. We are to repay each debt that we incur without exception. Even though our legal system makes it possible to get escape our debt, our biblical responsibility should be to repay all debts. Let's take the necessary steps to put our families on sound financial ground by following God's financial advice. In doing so, we will set an example to our children and the world of the blessing that comes our way as we follow biblical principles of money management. Doing so will enable us to live free from financial bondage and increase our ability to support God's work, bringing countless blessings.

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