

Student Loans from a Christian Perspective

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We know that borrowing is not a sin, which is to say that it is not a violation of God's moral standards or principles. Yet God has presented debt in terms of a punishment or curse for disobedience (Dt 28:15 and 43-45) with clear implications that borrowers are servants (Pr 22:7) and lenders will rule over them (Dt 15:4-6). Nevertheless, the values of our society have suggested over and over again that a good education is worth borrowing to obtain. In fact, most institutions of higher learning have financial aid offices staffed with councilors to help a student secure financing for a college education. This is often accomplished by encouraging the student to borrow against anticipated future income and our own federal government aids in this process through Federal Student Aid, which is an office of the Department of Education. Then as most students have no real experience either repaying debt or realistically estimating the amount of income he or she will earn in the future, the student keeps borrowing and the lenders keep lending until the student is not in a reasonable position to repay the loan (Ps 37:21).

Christian financial experts have stated for some time that three financial criteria need to be in place before we should consider taking on debt:

1. The item that you purchase by borrowing must have the ability to create income or appreciate in value.
2. The value of the item that you purchase must be greater than the amount owed against it and is therefore sufficient to repay the loan by itself.
3. The repayment requirements for the debt are reasonable enough that they can be made even if circumstances change for the borrower.

To meet the requirement for borrowing, all three of the financial criteria must be in place. Then allow me to point out that almost all student loans inherently fail the second criteria as a student can rarely use his or her education as collateral to repay a loan. This alone would disqualify taking a student loan as a reasonable option for Christians. Moreover, many of the degrees for which money is currently borrowed miss the first criteria and have questionable ability to even create sufficient income to repay the loan after a job is obtained (e.g. sociology, political science, women's studies, history, psychology, theology, etc.). Lastly, the cost of higher education has now grown so great that even graduates of law school and medical school may have difficulty meeting the third criteria.

Christian parents need to stop putting chains on their children by listening to college financial advisors (Romans 12:2) and put their trust in the Word of our Creator. These parents need to start saving for education when children are small, weighing the value of each monthly expenditure against the value of future education and setting aside money by making hard choices. Parents should also weigh the costs of major purchases, such as purchasing large homes in light of saving for education. Children themselves should begin working summer jobs at least by age 16 and setting aside a sizeable portion of these earnings for school. It is also possible to

reduce college costs by attending community college for two years and by obtaining paying internships or working as much as possible even if it takes six or seven years to complete the Bachelors degree. In fact, there are still ways of gaining a four year degree in six or seven years without borrowing, even when no money has been saved in advance. I give a detailed account of one such method in an article entitled “College Education Without Debt” on this same website.

God didn't have it wrong – don't take out student loans!