

Debt or Investment?

Understanding What Debt Really Is!

by Dr. Robert Schuller

What, after all, is debt? Fresh out of the seminary, newly married, and just installed as pastor of my first church, I was earning a little over two hundred dollars a month. When winter approached, I needed coal for the furnace. I went to the coal yard and asked how much coal I would have to buy, how much it would cost and if I could charge it. "About 5 tons, it will cost you \$75, and we will not charge it, Reverend. You'll have to borrow the money somewhere for we don't give credit on coal." And that was that.

So, I went to ask for a loan for \$75 for the coal. The banker gave me a valuable lesson in economics. "I'll lend you the money for coal this time, but never again. When you borrow money for coal, you are going into debt. The coal will be burned. When it is gone, if you are unable to pay your loan, there is nothing you can sell to pay us back. When you borrow money for coal, or food, or the light bill, or the water bill, you are spending money that is gone forever. This is real debt!

If you want to borrow money to buy a car or a house, we will lend you the money. Then you are not going into debt; you are going into the investment business. If you can't pay off your auto loan, you can sell the car, pay us back what we have coming, and any money you have left is your return on your investment. If you borrow money to buy a store and you borrow money for sellable goods to stock the shelves, you are not in debt, you are in business. If we are repaid, you can have the profit for your investment. If you have no money left over after paying off the loan, you haven't made any money. It's that simple!"

It was this advice, which was to give me greater courage years later when starting our new church. How long would it take to collect the money from surplus offerings? Perhaps twenty years! So we decided to borrow the money. When finished, the entire development was valued at one million dollars. Nearly \$600,000 was borrowed money. Someone said to me about that time, "I hear you folks have a debt of \$600,000." I corrected him, "Actually, we have no debt. We could sell our property for a million dollars, pay off all mortgages, and have \$400,000 in the bank. We don't have a debt. We're worth almost half a million dollars!"



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