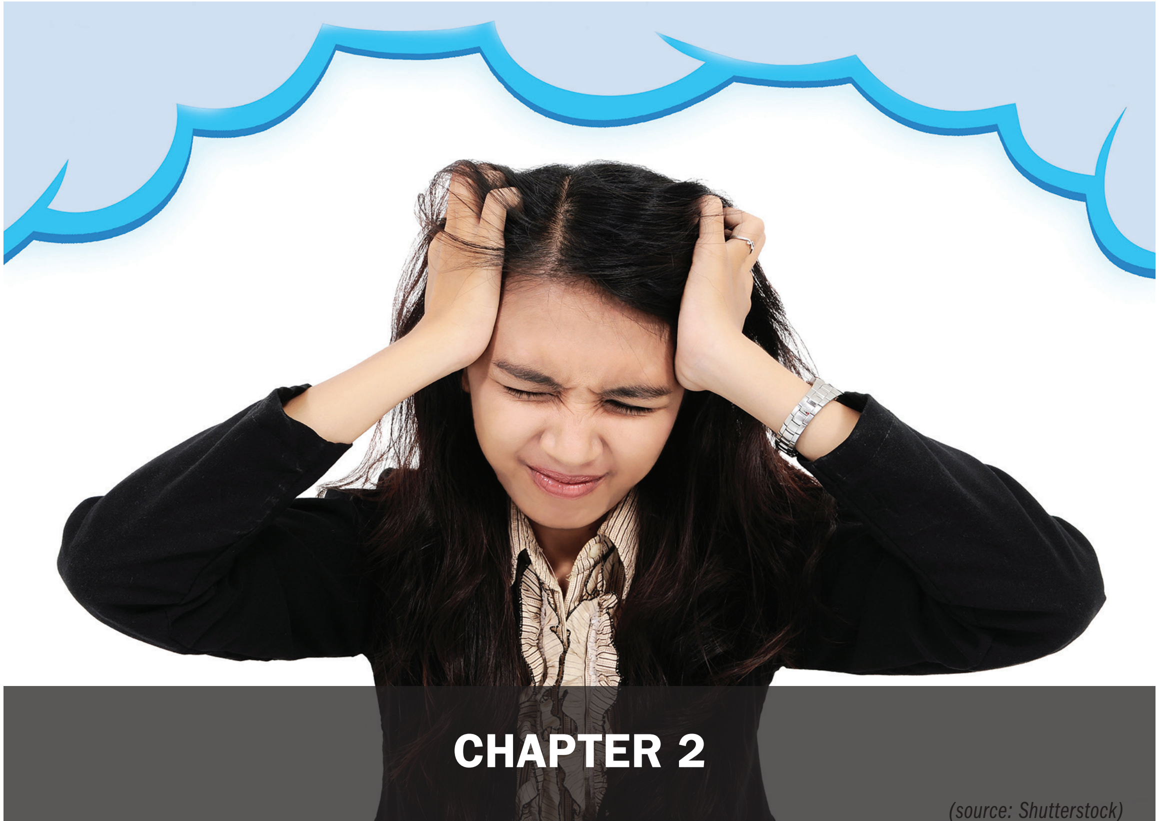


CHAPTER 2

(source: Shutterstock)

Money, Emotions, and Relationships

Objectives:

In this chapter, you will learn:

1. How emotions can impact financial decisions
2. The role of relationships in financial decisions
3. When and how to get financial advice

Chapter Outline:

2.1 Money and Emotions

2.1a Greed and the Really Hard Question

2.1b Dealing with Fear and Uncertainty

2.2 Money and Relationships

2.2a Money and Couples

2.2b Money and Parents

2.2c Money and Peers

2.3 Money and Financial Advisors

2.1 Money and Emotions

Ultimately, learning to manage your money is the best investment you can make. But it's not only a thinking exercise—it's an emotional one. That's why it is very difficult for many people. The earthly reward and satisfaction that comes from gaining control of your money is fantastic, but greater than that is the final reward of hearing God say, "*Well done, my good and faithful servant. You have been faithful in handling this small amount, so now I will give you many more responsibilities. Let's celebrate together!*"[1]

The fact remains that no matter how hard they try, many still cannot manage their money. They may acquire relevant knowledge or use concrete methods, such as learning to budget or figuring out the benefits of compound interest. However, because this is a behavioral or emotional issue, the problem doesn't go away with knowledge. You can't think your way out of bad money behavior. To develop better habits, you need to deal with what is going on inside of you and realize that you may be spending to meet an emotional need.

You may spend to meet the need for love, to have fun, experience freedom, or relieve sadness, boredom, or tension. You may be a codependent spender trying to gain approval by buying for others. Or you may simply lack the financial maturity to recognize that you should wait until you have the money before spending.

To become faithful money managers, we must first address our emotional issues around spending and then apply the principles of finance by choosing to take a new course of action. As Steven Covey, author of *Seven Habits of Highly Successful People*, said, "To achieve goals you've never achieved before, you need to start doing things you've never done before."

Changing Your Life

1. Get your heart right.

2. Get the facts.

3. Take action.

Even before other people and relationships enter the picture, you will have to manage your own emotions and feelings concerning money. If you put your trust in money or the amount of money that you have, you will never be at peace.

Achieving **financial peace** means refusing to be controlled or tormented by fear, and trusting God even when you don't have enough money. It will take practice and experience with God to establish this habit, but you can do it with His grace. You can commit to the process of becoming a worry-free, trusting person who lives in the peace and joy God wants you to experience. Changing bad money habits is no different than changing any other habit in your life. It requires recognition of the drivers of your habits and how to change them. Then it becomes a matter of using tested financial tools consistently with perseverance provided through faith and prayer. The truth found in the Bible is a big advantage available to those who are willing to follow it.

Most financial decisions are driven by two emotions: fear and greed. In this chapter, you'll learn ways to recognize and handle these emotions so your financial plans will be developed from wisdom instead of emotion.

financial peace

Refusing to be controlled or tormented by fear, and trusting God even when you don't have enough money

What Drives Your Financial Decisions?

Greed

Fear

(source: Shutterstock)

2.1a Greed and the Really Hard Question

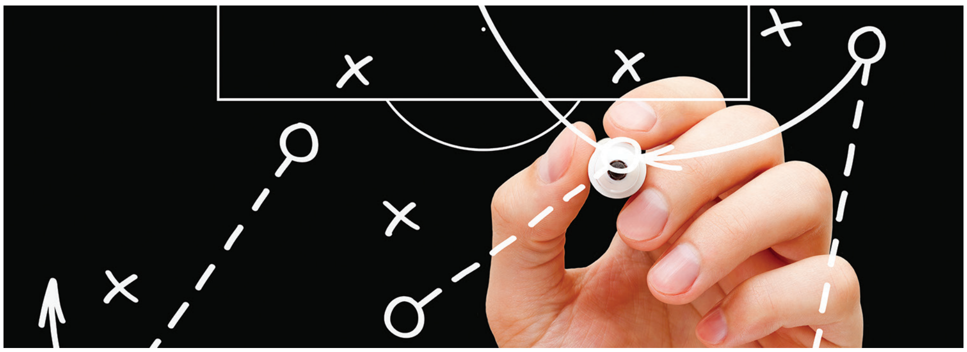
The most difficult question to answer in financial planning is "How much is enough?" This is the central question that reflects the essence of financial planning. How much is enough for your home, education, lifestyle, or giving? How much is enough to earn or to save for your future? How much is enough to achieve financial independence? If you don't answer these questions, you are running your financial race without knowing where the finish line is. This will likely lead to a fear of never finishing—or a consuming greed to keep running forever.

(source: Shutterstock)

The question "How much is enough?" implies the ability to establish a definite answer in dollar terms. The exact amount varies person to person and couple to couple—it's actually more a matter of attitude. You reach your finish line by either accumulating more, desiring less, or a combination of the two.

To answer this question, consider these vital factors. First, determine how much is in fact enough for your present and future needs. Next, if you have not yet accumulated enough, develop a plan to get there, outlining the specific steps you need to take now to start you on the path to your goal. Finally, once you have accumulated more than your goal, consider giving the excess away. This decision may be difficult to make because of the uncertainty of the future, but remember that for the Christian, the future is eternally secure. By giving away the excess above "enough," the Bible says you will be storing up lasting treasures in heaven rather than temporary ones on Earth: *"Store your treasures in heaven … Wherever your treasure is, there the desires of your heart will also be."*[2]

Defining your long-term goals allows you to determine how many financial resources you will need. The answer, which should be determined prayerfully, differs for every individual. The finish line may change periodically as circumstances change or as God gives you different goals.



Boyce's Playbook

Over my years as a money coach, several people have wanted to explore the "How much is enough?" question. I discovered this old story of how two people would have different answers to the question.

Once upon a time, an investment banker from a large city was vacationing in a delightful coastal town. Standing on a small pier late one afternoon, he watched as a lone fisherman docked his small boat. Inside the boat were several large yellowtail tuna. He complimented the fisherman on the quality of his fish and asked how long it took to catch them. The fisherman replied, "Only a little while." The banker asked, "Why didn't you stay out longer and catch more fish?" The fisherman said, "With this I have more than enough to feed my family and share some with my friends."

The banker then asked, "But what do you do with the rest of your time?" The fisherman said, "I have time in the early mornings to read my Bible and walk on the beach listening to God. Then I fish a little, play with my children, take a nap with my wife, cut the grass for my disabled neighbor, play the guitar at the assisted living center, and stroll into town where I coach a Little League team, go to praise-band practice, or play some tennis with my friends. I have a full and busy life."

The banker scoffed, "I could help you. You should spend more time fishing, and with the proceeds buy a bigger boat. Then with the proceeds from the bigger boat, you could buy several more. Eventually, you would have a fleet of fishing boats. Instead of selling your catch to a middleman, you would sell directly to the processor, eventually opening your own cannery. You would control the product, processing, and distribution. You would, however, have to move to a larger city, perhaps eventually to New York, where you would run your ever-expanding enterprise."

The fisherman, intrigued, asked, "But how long will this take? "Fifteen to twenty years," the banker replied. "But what then?" asked the fisherman. The banker laughed. "Here's the best part. When the time is right, you would announce an IPO and sell your company stock to the public and become very rich. You would make millions."

"Millions?" the fisherman asked. "Then what?"

The banker replied, "Then you would retire, move to a small fishing village where you would have time in the early mornings to read your Bible and walk on the beach listening to God. Then you would fish a little, play with your children, and take a nap with your wife …"

Most people can easily determine which person in the story thinks, "There is no limit, so enough is all I can get." Millions of dollars from an IPO would not be enough for the banker. To further illustrate how this answer might be different depending on circumstances or their individual calling from God, think about if the fisherman was unmarried and felt that he was called to give 3 million dollars to a university to help fund Christian higher education. Would his answer be a different amount for accumulation? Would his actions have to be different?

Think again about another set of circumstances: What would the fisherman's target be if his wife were diagnosed with multiple sclerosis, a serious, debilitating disease that is usually fatal and requires extraordinarily expensive treatment. Would the fisherman have to set a different target and take different actions?

Without a doubt, each of us faces different life circumstances, so our true needs will vary. In addition, God has "wired" each of us to complete a different task while here on Earth. Everyone must answer the "How much is enough?" question with these factors in mind.

How to Answer the Question

To answer the question, you have to identify and set your goals or targets. For a college student, the basic long-term goal is to gain knowledge and expertise in your field, graduate, and then start a career. The financial goals to support this plan include having enough to pay tuition and support your lifestyle until you graduate.

While setting goals is a challenge for almost everyone, once you've done this, determining if you have enough financial resources to meet your goals is simple:

1. Quantify each long-term goal as of today.
2. Determine how much you have accumulated to date toward the accomplishment of each goal.
3. Determine the difference between the amount accumulated and the goal; this is either the over-accumulation or the shortfall.

The shortfall divided by the number of years until the goal must be met will give the average amount per year that must be accumulated to accomplish that specific goal.

As an example, let's assume you want to be debt free within 10 years after graduation. You also want to purchase a home by then. The resources required will depend on the amount of your student loans and the expected cost of the house. If you have $40,000 in student loans at an interest rate of 4 percent, a monthly payment of $400 will be necessary to meet your goal of being debt-free. The question of how much to save monthly to buy a house carries a few more uncertainties, such as the location, size, and cost of a house that will meet your family needs. The other variables include the down payment you plan to make and how you invest your savings.

(source: Shutterstock)

Let's assume you expect to spend $200,000 for a house and make a $40,000 down payment plus cover closing and moving costs of $10,000. If you save $300 per month and invest that amount in mutual funds with an average return of 8 percent, you would have enough to accomplish your goal. Though the 8 percent annual return and $50,000 are not magical, nor necessarily even desirable numbers, they illustrate that any long-term goal can be quantified. Reaching these goals requires developing a monthly budget that includes this $700 ($400 student loan payment plus $300 savings investments in mutual funds) monthly debt repayment and savings, along with the cost of the necessities and desires of everyday life.

Answering the "How much is enough?" question gets even more complicated by the fact that our goals for financial independence and lifestyle desires tend to grow as we go through life. It's a natural human tendency to let our level of lifestyle expand as we earn more and more income. Solomon himself said, "*Those who love money will never have enough.*"[3] Also, we complicate the basic question by asking, "Will I ever get there?" and "What if something I can't control happens?"

These questions are relevant because of all of life's uncertainties, such as unemployment, terrorism, illness or accident, real estate inflation, or stock market downturns. You may feel that dealing with goals and the question of whether you will have enough financial resources creates a tremendous anxiety or makes you miserable because you can't afford to spend anything. There is a benefit to going through the exercise, however. You can quickly see that the spending decisions that you make as an undergraduate will have a direct impact on the loans you have at graduation. The more money you borrow, the more you will have to either reduce your future spending or delay your pursuit of other goals.

The worldly view of wealth and its accumulation encourages fear and anxiety about not having enough. Wealth is considered necessary for your protection, and you are in danger if you don't have it in abundance. In this view, hoarding is acceptable, you need to hurry to get all you can, and it is all yours once you get it.

But the fact is, you will never accumulate enough to feel financially secure, significant, or successful. Your net worth is always and only a measurement of God's provision, not a measurement of success or significance. Alternatively, the biblical world view is expressed in these verses: "*It is useless for you to work so hard from early morning until late at night, anxiously working for food to eat; for God gives rest to his loved ones.*"[4] And "*Don't wear yourself out trying to get rich. Be wise enough to know when to quit. In the blink of an eye wealth disappears, for it will sprout wings and fly away like an eagle.*"[5]

2.1b Dealing with Fear and Uncertainty

There is something about genuine personal fear and anxiety that casts a whole new light on the far-off problems that make the national news. In our own private lives we have worries, fears, desires, and long-range dreams that can create an anxiety far outweighing anything we have ever felt about an increase in inflation or a drop in the stock market. Think for a brief and somewhat unpleasant moment of how much and how quickly life can go wrong: It could be the bankruptcy of a business, a divorce, a layoff, a hospital stay for you or your loved ones, a stock market downturn, a lawsuit, damage to your reputation, or disability. The unexpected events of life directly and indirectly affect our personal finances, but worrying about what might go wrong can prevent us from developing a financial plan. Fear of the unknown may cause us to be timid.

Death, divorce, and unexpected illness all evoke very real and legitimate fears—they involve potentially devastating factors we often have little or no control over. A college student may have the very real anxiety of "Will I be able to get a good job that allows me to repay all these student loans?" Other fears can include the loss of a job, sudden financial needs (for car repairs or medical expenses, for example), taxes, and problems at school. Impending graduation—normally viewed through a window of joyful anticipation—can also cause tremendous worry and stress about finances.

The fear that you might not realize your hopes and desires may create just as much anxiety as the threat of an unexpected loss or crisis. Even the challenge of planning for your long-term dreams and goals can generate a great deal of tension and anxiety.

Adding to that anxiety is the fact that many people are looking to profit from making you fearful. Simply turn on the TV or read the headlines online. You don't see people selling their products—you see people selling the fear of having to live *without* their products. As the most basic emotion, *fear sells*. The world is glutted with fearful analysts, worried politicians, anxious officials, and countless individuals who are scared about all sorts of things—especially the future!

Nobody is immune to fear, but you can't hide your head in the sand. Refusing to see or acknowledge your fear won't make it go away; in fact, left on its own, it will probably grow to new and more frightening proportions. You must admit that you are afraid—and then move on to tackle that fear.

The first step in overcoming fear in financial planning is to face it. It's not uncommon, sinful, or wrong to experience fear, doubt, or uncertainty—and being a Christian does not make you immune to this universal emotion. Long ago, King David said, "*I am losing all hope; I am paralyzed with fear.*"[6]

Each person must address two primary categories of **financial fear**. The first is the fear of failure. If the size of your net worth is the measuring stick for success, you'll be fearful of failing or not measuring up, especially in comparison to others. If you're making financial plans so that you can prove to the world that you are successful or significant, fear of failure can make you very anxious. Anything that threatens your ability to accumulate wealth becomes a driving force in your decision-making process. Ultimately, this mind-set leads to unwise decisions and wrong financial moves.

> **financial fear**
>
> Fear of losing your wealth and of negative circumstances that will take away your wealth

Remember the story from Chapter 1: The unwise manager revealed that fear drove his decision making, saying, "I was afraid I might disappoint you, so I found a safe bank and deposited your money." The Owner's response was to fire the manager, not because of the results, but because of the process he followed. Throughout the Bible, you can hear it said, "*The Lord is my helper, so I will have no fear. What*

Boyce's Playbook

I had just turned 13 years old when one Wednesday evening, my uncle came to the church to pick me up from youth group in an emergency. My dad had been in an accident on the farm. He eventually died from his injuries. My mother was 39 years old, with four children and another on the way; I was the oldest. In addition to the tragedy and loss, you can imagine the fear—there was a tremendous amount of financial uncertainty.

Mother did not work outside the home. We had a small farm, no debt, and only a small amount of savings. She had no training in financial planning, but she had a deep education in the Bible and a strong faith. Her financial plan was to always give 10% off the top, save at least 10%, spend as little of rest as possible, and never borrow money.

Despite all her fears, she developed a plan and executed it with great determination. After Mother's death 51 years later, I found a handwritten note in which she had worked out a plan to invest all of Dad's limited life insurance money into CDs. She never spent any of that except for our college education. Instead, she developed a budget with a positive cash-flow margin based on hard-earned farm income, Social Security, and veteran's benefits. At the end of her life, she had a modest estate, no debt, a legacy of tithing, and five kids with postgraduate degrees (who never had student loan debt).

Although my mother had faced a tremendous financial challenge without skill or experience, she was well armed with faith, the Bible, and good counsel from fellow Christians. On her part, she had the courage to identify the problems and deal with them. And by the way, she never transmitted the fear and anxiety to her children.

can mere people do to me?"[7] God encourages us to follow the right process and trust Him for the results. *"Trust in the Lord … he will show you which path to take."*[8]

The second category of financial fear is fear of the future. Worry is an attempt to control the future. The things we worry about, such as the results of an exam, our grades, the death of a loved one or spouse, a medical emergency, unrealized dreams, or a financial calamity—are what affect our sense of security. But frequently, those fears are imaginary or never realized. As famed French philosopher and essayist Michel de Montaigne once said, "My life has been full of great tragedies, most of which never happened."

There is no question about who controls the future—it is not us. In James, we hear this warning: *"How do you know what your life will be like tomorrow? … What you ought to say is, 'If the Lord wants us to, we will live and do this or that. Otherwise you are boasting about your own plans …'"*[9] But Jesus told us, *"That is why I tell you not to worry about everyday life ... Can all your worries add a single moment to your life?"*[10] The Bible has many stories of the fears and concerns that haunt God's people. Joseph, Moses, Joshua, Gideon, David, and Paul were just as human as any of us. They were frequently afraid. Their stories give us great encouragement and a host of methods for putting fear into perspective.

My life has been full of terrible misfortunes, most of which never happened
– Montaigne

It's not our circumstances that produce our fears, it's our *thoughts* about our circumstances. You can find reliable financial concepts by studying God's principles about money management. As Paul said, *"Don't copy the behavior and customs of this world, but let God transform you into a new person by changing the way you think. Then you will learn to know God's will for you, which is good and pleasing and perfect."*[11]

Each decade in the 20th and 21st centuries has featured some sort of macro-economic "crisis." Of course some have had a greater impact than the others, especially the Great Depression of the 1930s and the Great Recession of the 2000s. Almost every decade has featured some sort of stock market collapse of its own.

As a young adult, you have already lived through two major stock market collapses. When considering the overall economy and how it affects you, it's important to determine what you can control and what you cannot. No one individual can affect the stock market, the unemployment rate, or inflation. This is not to say that these items are unimportant or useless to track. But you cannot do much to influence them, so you have to accept the overall economic conditions in which you find yourself. Despite your lack of control over global issues, you must have the courage to change what you can about your own personal financial situation. Regardless of the state of the economy at the moment, the financial planning process will produce better results than not planning. The smartest approach to any financial decision begins with confronting your concerns and trusting God's process to help you prepare for them.

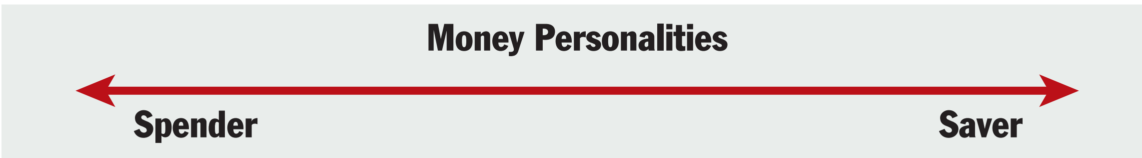
Put your fear or anger aside long enough to get the numbers on paper—a business transaction. Once that's done, bring your emotion back and apply that passion and energy to the plan you've made.
– Dave Ramsey

Avoiding financial planning because you cannot control the economy or fear a financial collapse is looming is a recipe for failure. If you feel that you need a disaster or extreme situation plan, you can develop this as an addendum to your normal one. (Instruction on developing this type of plan can be found in many specialized resources.)

Through all the emotional ups and downs that we face in the financial world—and you thought it was just about the math—remember that God promises, *"For I know the plans I have for you. They are plans for good and not for disaster, to give you a future and a hope."*[12]

2.2 Money and Relationships

Before thinking about the impact of money on your relationships with others, examine your own attitudes about money. Since God designed each of us to be unique, we each have a unique money personality. In a spectrum stretching from spender to saver, each individual falls on a different spot within this wide range.



Among different personalities, emotions, and habits, you will sometimes feel that everyone else is "funny about money" and be surprised that people don't deal with it the way you do. These inherent differences in attitude toward money make it extra difficult to communicate about the subject, and this difficulty is only magnified in close relationships. Your relationships with your family and parents, your peers, your friends, your marriage partners (or potential marriage partners), your (future) children, and your business partners are all impacted by money and attitudes about money.

Most people realize that dishonesty is a highly destructive factor in any relationship. The Bible speaks frequently about honesty and its value. *"If you are faithful in little things, you will be faithful in large ones. But if you are dishonest in little things, you won't be honest with greater responsibilities.*[13] *… An honest answer is like a kiss of friendship*[14] *… Better to be poor and honest than to be dishonest and rich."*[15] But people still lie and cheat when it comes to money. Your efforts at building healthy, fulfilling relationships can be destroyed by this lack of character.

Closely related is the subject of openness about financial affairs. In 2013, a Creditcards.com survey revealed that the list of taboos people were least likely to discuss with someone whom they had just met is dominated by financial topics.[16] Larry Compeau, professor of consumer behavior at Clarkson University in Potsdam, N.Y., said he's not surprised that several of the most unmentionable topics relate to money. America's Protestant work ethic culture means that much of our identity is tied up in how we're doing financially, Compeau noted, so not being able to provide for your family or pay the bills can cause feelings of embarrassment and shame. Part of the problem, according to Compeau, is that even though there are legitimate reasons people go into debt (medical bills, job loss), the American culture tends to assume that if you're having financial trouble, it's your own fault, and you have a character flaw.

Many people make decisions about money based on the emotions of their relationships. The graphic at right, highlights Creditcards.com's list of "5 Dumbest Money Moves Lovers Make."[17]

2.2a Money and Couples

Your most important relationship involving money will be with your marriage partner (or potential partner). Despite the negative publicity about how money creates stress in marriages, one key positive statistic should not be ignored. In 2015, the Census Bureau reported[18] that 89% of the family households in the highest income bracket (top 20% of earners) are headed by married couples. Financial success and marriage are strongly correlated. Whether you are married, engaged, or in a serious (planning to be married, etc.) relationship, money will be a factor, and you'll need to communicate about the subject since your lives and finances will be entwined. But money is the last thing young adults entering a serious relationship that may lead to marriage want to talk about. The common reluctance to be open about money factors is one part of this, but there are others, such as thinking that the subject is very unromantic.

As with most issues of importance in our daily lives, the Bible has a lot to say about the marriage relationship. Marriage was God's idea from the beginning. He knows what works best for us and for whatever reasons, God's plan seems to be to put opposites together in marriage. Some of this results from the basic differences between men and women, but often it is a result of having different money personalities—remember the spender-versus-saver spectrum. Larry Burkett, founder of Christian Financial Concepts, often said, "If both of you are the same, then one of you is unnecessary."

A study published in the *Journal of Marketing Research* found that opposites attract when it comes to certain spending tendencies. That is, "tightwads," who generally spend less than they would ideally like to spend, and "spendthrifts," who generally spend more than they would ideally like to spend, tend to marry each other, consistent with the notion that people are attracted to mates who possess characteristics dissimilar to those they deplore in themselves. In spite of this complementary attraction, tightwad/spendthrift differences within a marriage predict conflict over finances, which in turn predict diminished marital well-being. These relationships persist when controlling for important financial outcomes (household savings and

Most Taboo Topics
% Unlikely to discuss

Your credit card debt (85%)

Details of your love life (84%)

Your salary (80%)

Your monthly mortgage or rent (71%)

Your health problems (71%)

Your weight (50%)

Death of a loved one (49%)

Your political views (49%)

Your views about religion (41%)

Data source: Creditcards.com at http://www.foxbusiness.com/features/2013/04/15/poll-card-debt-no-1-taboo-subject.html

5 Dumbest Money Moves Lovers Make

From: Creditcards.com

1. You pay for "our" stuff

"He left with "our" stuff and it's on my credit card."

2. Borrow to lend

"My child really needed my help, but I didn't have any money."

3. Cosign

"She wanted to rebuild her credit."

4. Don't check your credit

"My roommate used my Social Security number to get a credit card."

5. Rack up debt together

"She said it was a good idea to buy now."

Source: http://www.creditcards.com/credit-card-news/5-dumbest-money-moves-lovers-make-1267.php

Boyce's Playbook

One of my former students came to my office almost two years after completing her personal finance course. She said that she had cosigned with a former boyfriend for a credit card. At the time, they were discussing marriage after graduation. Later, the boyfriend decided to move more than a thousand miles away, and the relationship ended. The credit card company would not allow her to cancel her name from the card until the balance was paid off. So far, the former boyfriend had been making the payments on time, but the balance was growing, and she was worried about the potential impact on her credit rating. I could not find a perfect solution for her since the commitment was already made. She ended up having to pay almost $2,000 of the card balance to get her boyfriend to pay the remainder so that she could remove her name from the card.

credit card debt). These findings underscore the importance of studying the relationships among money, consumption, and happiness at an interpersonal level.[19]

Opposites attract: Tightwads and spendthrifts tend to marry each other.

The New York Times reported that research by Jeffrey Dew at Utah State University revealed that the frequency of fights over money is a predictor of the divorce rate.[20] According to the latest American Express Spending & Saving Tracker,[21] nearly one in three (30%) couples say that finances create the most stress in their relationship, followed distantly by intimacy (11%), their children (9%), and their in-laws (4%). Overall, 91 percent of Americans surveyed by American Express find reasons to avoid money talks with their partner, with couples indicating that they are more likely to know their partner's weight than their salary.

It is no surprise that financial struggles can cause stress. Spending money is never about "just money." How you handle money reveals your attitudes about what you value most and it reveals deeper character issues. Blending money personalities can be very challenging. Your chances of financial security are much greater if you and your future partner start an open and honest discussion about attitudes toward money before marriage. There are several strategies that can be used to anticipate and resolve those potential conflicts.

Strategies for Effective Conflict Resolution

It's Not "Just Money"

The number one key to effectively communicating about finances is the understanding that everyone has a unique money personality. Each person has a different background and experience. Beyond that, it is usually "not about the math." Despite any differences, couples are on the same team financially whether they recognize it or not.

Here we'll explore some tips that will assist couples to resolve or even avoid financial conflicts by taking as much emotion out of the situation as possible. As you study these conflict reduction strategies, you will understand that the sooner they are implemented, the better the chances of a successful relationship.

(source: Shutterstock)

There are plenty of books on how to communicate by popular psychologists and other communication experts. While they may have some good advice to offer, the Bible is the best source when it comes to wisdom for daily living, providing guidance in the many verses on relationship and communication that show God's design for marriage and the workings of a good relationship.

From the beginning, God's design focuses on teamwork: *"The Lord God said, 'It is not good for the man to be alone. I will make a helper who is just right for him.'"*[22] The struggle to communicate effectively and work together can be much easier than the struggle to survive a divorce or a marriage with unresolved conflicts over money. One big-picture verse to keep in mind is: *"Love is patient and kind. Love is not jealous or boastful or proud or rude. It does not demand its own way. It is not irritable, and it keeps no record of being wronged. It does not rejoice about injustice but rejoices whenever the truth wins out. Love never gives up, never loses faith, is always hopeful, and endures through every circumstance."*[23]

1. Communicate About Debt

Debt is common in most marriages, especially today when student loan debt is so prevalent. Even among those who consider themselves debt free, many aren't including the home mortgage.

It is likely that a husband and wife will have different views about that debt. Traditionally, most women have had a greater desire for financial security and avoiding debt than men. Whether you recognize it or not, debt is almost always an extra stress on a relationship, especially in a shaky economy when jobs are at risk. Conflict can be reduced when couples are open and transparent about any borrowing, no matter how small the amount, starting as soon as a relationship becomes serious. Debt burdens and credit problems are discussed before couples get engaged. This may not be easy, given the general reluctance to discuss finances and debt. When in a relationship should financial information be shared in depth? The basic rule is the sooner the better. After you are headed toward a marriage date, a financial surprise can create significant heartache. There is a tendency for blame when finances become tight, and a surprise debt will only make matters worse.

Boyce's Playbook

One of my students was engaged to be married, and had come to me for financial counseling. She had a large, wealthy family that had planned a festive wedding. However, she went on to say, “I have just learned that my fiancé has $35,000 in student loans and still plans to go to graduate school starting right away. He believes he could earn about $1,000 per month working part-time, but he doesn’t want to do this since it would extend his stay in graduate school by 12 months. On the other hand, I’ll graduate with no debt and about $40,000 in savings mainly due to gifts, which have also generated investment earnings. I’ve just gotten a job as a financial assistant and will earn $3,000 per month. After taxes, tithing and living expenses, there would be very little left from my salary.

“Suddenly, I realized that his plan is for me to pay off his student loans and provide support during graduate school so that he will not have to work. He hinted that he may have to borrow more. I’m very uncomfortable with more debt and with the idea of starting our marriage by being financially dependent on my family, but I don’t want to start a discussion that might create a huge conflict just before our wedding. What should I do?”

Obviously, it was very late in the relationship to be discussing plans and visions about the finances of married life. And at this late date, discussion of a different plan carried the potential of derailing all their plans. Fortunately, this surprise discussion occurred before the wedding, but there was no right answer except to start open dialog, however belated, and be patient until both are at peace with the resolution.

In general, I advise committed couples to start discussing both the facts and their own attitudes and beliefs about handling money well in advance of planning their wedding. But they should not yet combine any debts or assets, since the level of commitment may not yet be strong enough. However, after marriage, the most effective approach is almost always to combine their finances. This is why full disclosure and discussion of the financial plan should be ongoing prior to the decision to marry. Otherwise, married life starts off on the wrong foot.

2. Develop and Use a Budget as a Communication Tool

One of the biggest reasons for couples to develop a spending plan—a budget—is to reduce conflict in their relationship. Budgeting reduces conflict because it provides built-in accountability and an objective basis for all spending decisions. Families make well over a thousand purchases each year. With or without a budget, money will be spent, whether it's to buy groceries, pay the rent, or take a family vacation. Without a spending plan, any of these expenditures could ignite a conflict. In fact, if a couple disagrees about only one out of every one hundred purchases, the percentages say they will have a disagreement at least once a month on spending. Statistically speaking, money fights or frustrations are a virtual certainty. If most of a couple's spending decisions are made ahead of time in their spending plan, there is very little disagreement about where the money should go. As a result, they have the freedom and flexibility to enjoy their purchases without fear, guilt, or conflict. Their spending plan works to eliminate potential problems before they arise.

Developing an effective spending plan offers the added benefit of forcing couples to communicate. No couple can establish spending categories or allocate income without talking about their priorities, needs, dreams, and goals. Fears and insecurities will also surface as a part of the process. By providing a forum for discussion, the budgeting process enables a couple to define and address philosophical differences—including everything from how much to spend on food and clothing to how, where, or when they want to give money to their children, church, or favorite charity.

There are several other reasons why a spending plan makes sense for couples. First, it helps them create and maintain a vision for the future and keeps them focused on those goals. A spending plan means that nobody has to be the bad guy. Because a budget is developed jointly, the spending/saving decisions are not "mine" or "yours," but "ours." Second, by establishing and using a budget, a couple sets a great example for their kids. When their children see them exercising financial discipline and making progress toward their goals, they will learn a valuable lesson about how to handle their own money.

Reducing conflict, creating vision, eliminating the bad guy, fostering communication, and demonstrating wise money management are all good reasons to develop a spending plan. But the process will not be easy, and at times it might even be a struggle. However, once a couple establishes that basic budget and starts using it, the benefits will become very clear.

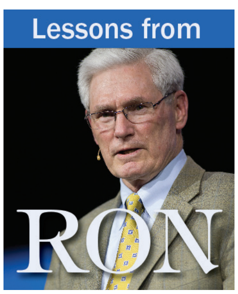
3. Communicate About Investing

While debt can create bondage and erect barriers in a marriage relationship, investing can be just as dangerous to healthy communication. It isn't about the money—it is about trust, and it can be difficult for couples to maintain an atmosphere of trust and open communication about investing. Many couples simply do not discuss their investments. Frequently men approach investing with the idea that their wives will not understand the proposals or that they are not interested in financial matters. Alternatively, some men keep quiet because they believe that if they tell their wives what they are planning to invest in, they will be against the idea.

4. Combining Finances

One of the biggest questions for couples is when and how to combine finances. This means resolving whether to have separate accounts for checking, savings, and credit card accounts, as well as determining how debt will be repaid and how assets will be owned. This may seem simple enough, but many questions have to be answered.

According to a 2010 American Express survey,[24] most couples pay their monthly bills jointly and maintain joint ownership of various household accounts. Two thirds (66 percent) of those surveyed share all monthly expenses, while the remaining 34 percent divide their bills each month, with methods ranging from paying certain bills individually to splitting household expenses based on income ratio. However, more young professional couples (48 percent) separate monthly expenses than affluents (37 percent) or the general population (34 percent). Young professionals are also more likely to maintain individual checking, savings, and retirement accounts compared to the general population and affluents. Despite this trend, there is little evidence that the independent system works. Ginita Wall, a CPA and financial planner in San Diego who specializes in divorce, explains, "You would think if their finances were separate, couples wouldn't fight about money, but what happens is they never have an opportunity to talk about mutual goals … So one of them will set a goal to save for a bigger house, while the other may think new golf clubs are more important—and they are off to the races, fighting about money."[25]



Although I didn't acknowledge it at the time, the way I handled our finances during the early years of our marriage generated major problems in our relationship. Simply put, Judy didn't trust me. She had no idea what I did with our money, or what my actions might mean for our future. Judy was focused on raising our children. At first, the money or what I did with it didn't matter; Judy was just glad that I put food on the table. But when I started an accounting firm in Indiana, things began to change. As she tells it, the steady stream of papers I asked her to cosign for the business began to make her uncomfortable. She didn't understand exactly what she was signing, and I never took the time to explain things. All Judy knew was what she saw: We were making payments on the two new cars I had purchased, we still had my college loans to pay off, and we took on a significant amount of debt when I started the business. From a financial standpoint, Judy was scared—but what was even worse was her fear that if she questioned any of my decisions, I might leave her. Remember, neither of us knew the Lord then. The way Judy saw it, I loved the business more than I loved her.

Any investment can be rationalized. This seems to be more prevalent in men than women, as many men seem uniquely capable of attaching a "no risk" or "low risk" label to any financial move they want to make. Regardless of the risk profile of each spouse, it is imperative that couples both understand and are comfortable with investments that are being made. Fear, insecurity, and distrust are never worth the possible economic return you may make in an investment. There is no such thing as a "risk-free" investment.

Here is a final thought about money and relationships. A 2012 survey by Today.com and Self magazine revealed the following: "The extensive poll of 23,000 online users also found that more than 60 percent of both men and women think cheating is cheating, whether it's financial or sexual. Two thirds told us that honesty about money is as important as remaining monogamous. About one third said financial infidelity can sometimes lead to sexual infidelity. The survey also found that women are more likely than men to keep money secrets. The most common financial fibs involved shopping, such as pretending something was on sale. A minority—under 10 percent—confessed to more serious spending secrets, including secret bank accounts or hidden credit cards. About 13 percent of respondents said they'd broken up or gotten divorced over secretive spending habits."[26]

2.2b Money and Parents

As a child, you had the learning role in the family. As a young adult, you continue to have a learning role, but you are now also responsible for putting into practice what you learned. If your parents haven't provided the proper leadership for you to learn about finances, take every learning opportunity to apply biblical wisdom and the practical application of faith financial goals. If your parents have been constant and effective teachers, use what you have learned. And remember: Financial success depends on more than head knowledge.

As you get older, your role will continue to evolve. Eventually you will become the teacher. All that you learned from your parents and all that you then learned on your own will help you know how to teach your children. This will be even further in the future, and you may not have an interest in learning more about teaching children at this point.

> Your role will become more proactive with your parents as you demonstrate the skills and knowledge that they taught you and that you have learned on your own. Even as young adults, faithful money managers can get their hearts right and turn their knowledge into action to benefit their family in these ways and many more:
>
> 1. Take the lead on developing a plan concerning who will pay for what percent of your college education.
> 2. If your parents are still providing funds for your education, be transparent about where you are spending the money.
> 3. Develop a budget that will aid in communication about the cost of college and lifestyle.
> 4. Depending on your family situation, make a plan to assist in paying for college for younger brothers and sisters.
> 5. Develop your own plan to achieve financial independence and demonstrate that you intend to allow your parents to be free to lead their own lives without worrying about helping you.

As you implement some or all of these plans, you'll experience the benefits of becoming an independent adult. In addition, this will relieve much of the mental and financial stress faced by your parents as they age.

A situation you or no else one wants is becoming all too common. Besides having to provide for your children and then having to help your parents in their later years, you may be carrying a heavy debt load of your own, whether leftover student loans or consumer debt. Few young people plan for the long-term care of their parents when they can no longer take care of themselves either physically or financially. It's awkward, maybe a bit embarrassing, and difficult to know how to even approach the subject with those who have raised you. You may feel as if you're meddling in business that is not yours. You may hope it will go away or take care of itself. But you know down deep that it will not, and eventually you'll be faced with some tough decisions if your parents live long enough.

The Bible's instructions regarding your responsibility to care for family members is quite clear: *"But those who won't care for their relatives, especially those in their own household, have denied the true faith. Such people are worse than unbelievers."*[27] This verse can serve as powerful motivation for sitting down sooner rather later with your parents, expressing your desire to fulfill your responsibility in a caring, prudent, and orderly manner, and developing a game plan for practical decisions in the future. If one of your parents is already deceased, it should intensify your motivation to begin this process as soon as practical.

There is no worthier Christian service than caring for your parents, particularly if they are physically ill and require a great deal of help, attention, and sacrifice. Extended care facilities are expensive, but few people have long-term care insurance. Once again, financial planning is necessary. Even the decision to have parents come live with you involves financial considerations. Whether the issue is health or financial problems, the key is an open, frank, and genuine expression of concern for your parents' welfare. Sooner than you think, it may be time to begin planning for this spiritual responsibility God has entrusted to you. At the appropriate time, you may need to seek professional medical and financial planning advice.

2.2c Money and Peers

Your money relationship with friends and peers is highly important for you as a young adult. You are probably not yet married, but you're out on your own for the first time.

Where will you get financial advice and guidance? The Bible tells us that it is all God's money. It is certainly not your friends' money, and you, not them, will be held accountable for the use of whatever money you're managing for God. *"Don't copy the behavior and customs of this world, but let God transform you into a new person by changing the way you think. Then you will learn to know God's will for you, which is good and pleasing and perfect."*[28]

The first rule to consider when thinking about how money and friends mix is to be careful not to let friends pressure you to spend. Although you share similar interests, your financial situations are most likely different. Because of those unique attitudes and experiences with money, you will find once again that "people are funny about money." You'll have to make wise money decisions while maintaining good friendships. The use of money to maintain friendships is poor money management, and ultimately not rewarding. Remember the five dumbest money moves that love makes you do—and make a point to avoid them.

Here are some common decisions that could affect your relationships with your friends:

Will you go out to eat with your friends?

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In college, your friends may want to eat out often instead of going to the cafeteria or cooking at home. If you have a paid-for meal plan, eating out is like paying for the same meal twice. During and after college, your free time is limited, and your social life may be limited too if you eat at home every night. However, your budget probably won't support eating out every night. To avoid excessive spending but sustain your social life, make some compromises.

This may mean only going out for a couple of meals each week with your friends and encouraging them to share meals at home or in the dorm with you. You can also be creative in finding variations on low-cost meals that include some social life. You can explore many ways to save money at restaurants, and there should be no stigma attached to refusing to charge meals on a credit card. You, not your friends, will be making that payment at the end of the month—a good thing to remember before you head out to the restaurant.

Will you take vacations with your friends?

Some of your friends may have more money to spend than you do and may take frequent trips out of town—or even out of the country. If they invite you to come along, as much as you'd like to go, you may not be able to afford it. Plan ahead for what trips they are thinking of taking. If you know what's coming up, and one trip sounds more fun than another, make an effort to budget for it and save enough money. With a little research, there are many ways to spend less while traveling. When taking an expensive vacation over spring break is not an option, look to use the time with other friends who have budgets similar to yours. Using a credit card to take vacations is not a wise strategy, and local adventures can be enjoyable and easier on your wallet.

Will you lend your car to a friend?

Do your roommates and friends constantly beg for a ride or ask to borrow your car? Worse, do they not give you gas money for the favor? This may not be too big a deal if you are going to the same place or in the same direction, but over time it can become annoying, inconvenient, and expensive. Start an up-front policy on money for rides unless you are the one inviting others to ride with you. For example, you might require frequent passengers to pay into a gas fund or have them give you a certain amount of money for gas before you leave for your destination. This way, they'll learn not to expect a free ride, and you won't be left paying for everything. Be businesslike when explaining your policy and consistent in implementing it. And as for letting friends drive your car, be cautious. If something goes wrong, including an accident, you, not your friend, will be responsible for the bills. Your insurance policy may not cover additional drivers. Even if it does, if there's an accident, your premium will rise—and you'll be responsible for covering the extra expense.

(source: Shutterstock)

Will you loan money to your friends?

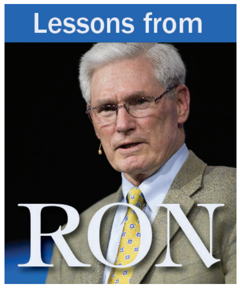
Without a doubt, some of your friends will ask to borrow money from you. They may say they'll pay you back later and then not always follow through. It may sound cold, but the easiest way to deal with this is to make it known that you do not lend money to friends—and then just say no any time you are asked. Remember that loaning money to someone will change your relationship. From the moment you loan money to someone, you will be thinking about getting repaid. In the meantime, they will be thinking about having to repay you. If your friend has a real need and if you have the money, consider giving them a gift, not a loan that has to be repaid.

Will you cosign for your friend to get a credit card?

Do not cosign for anyone else's debt. The Bible specifically warns against this practice. *There's danger in putting up security for a stranger's debt; it's safer not to guarantee another person's debt.*[29] There's a reason why someone needs a co-signer—usually because they have not been responsible in paying past debts. A high percentage of co-signers end up making some or all of the payments on the debt.[30] Additionally, by cosigning, you become an enabler of a person who has unwise money habits, and allow them—and possibly yourself—to accumulate more debt.

2.3 Money and Financial Advisors

Since none of us knows everything, we will need financial advice from time to time. The Bible frequently points out that getting advice is wise: *"Plans succeed through good counsel; don't go to war without wise advice"*.[31] Where will you get this advice? A young adult starting out on the financial journey has several prospects. You can learn from parents, from other Christians who have more financial experience, from college courses, from church small group studies, from literature, and/or from professional advisors. In the latter case, choose the appropriate professional. For example, a tax problem could require a CPA, while investment decisions for a large inheritance might require a CFP (Certified Financial Planner).



Full disclosure, right up front: I think most people need a financial advisor. You can try to be a do-it-yourselfer to save a few dollars, but I wouldn't recommend it. I've owned a small financial advice firm and a big one. You may be surprised to learn that I have a financial advisor. In fact, we used to require the partners at Ronald Blue and Company to have another financial advisor internally at the firm. I'm convinced that we benefit from the perspective of another. We don't see our own tendencies. We can't keep be experts in everything. We need accountability. The Bible seems to agree with me on this point, "Plans go wrong for lack of advice; many advisers bring success.[32]

While counsel is advocated by the Bible, you should not seek advice without thought and prayer. Here are some warnings:

- Never act on advice that contradicts biblical wisdom concerning money and possessions. For example, we looked at the verses from Proverbs that warn against guaranteeing another person's debt. Don't listen to the lender who says that it is wise for you to cosign on your friend's credit card application since his credit score is low.
- Be skeptical of advice from people who have no stake in the outcome. For example, your friends may say that you should definitely buy a new car. However, they won't have to face the ensuing budget constraints from making the monthly payments and insurance.
- Always recognize that advice from someone who will gain financially from your decision will be biased. For example, most life insurance agents will say yes when you ask them if you need more coverage.
- The Christian label does not necessarily indicate honesty and good advice.

The financial planning industry is largely unregulated, and anyone can claim to be a professional advisor. Most so-called financial planners have no real training or expertise; they are really just salespeople. If your income reaches $100,000 or you have more than $50,000 in investments, you may need a financial planner. Until then, however, you really just need a financial plan. If you require help preparing a budget or financial plan, read books on the subject and do it yourself, or contact your church to see if anyone in the congregation is qualified to help you.

If you need more than a DIY financial plan, go through a research and selection process to find the professionals that you need. Kingdom Advisors (www.kingdomadvisors.org) is a nonprofit organization that can help you find Christian financial advisors of all types.

Obtain a written contract with any advisor you decide to use. This contract should specify how the advisor will be paid and what services you'll receive. Choose a financial advisor who is paid by fees for services and not by commissions generated from the financial products that they sell you.

Boyce's Playbook

If it looks too good to be true, it probably is! There was once a former Christian university professor, a flamboyant local financial "expert" with no credentials as an investment advisor, but who frequently appeared on TV and in the news with commentary on the local economy. When he was sentenced to 35 years in federal prison after pleading guilty to financial fraud by orchestrating a Ponzi scheme, several hundred people, including friends, neighbors, and colleagues, were shocked and lost millions that they had in his private investment funds. He was ordered to pay restitution of $75 million, but investigators believe they will recover only 10 to 15 percent of that amount. Sadly, rather than exercising caution, his investors believed the publicity about his "extraordinary investment returns," and many lost their life savings.

Christian financial professionals are often called upon to fill several roles. They provide professional financial advice and leadership in setting goals for their clients' finances. But there are times when a client cannot or will not follow the advisor's financial advice until some of their root issues are addressed. You may find yourself receiving some emotional, marital, or spiritual counseling from your advisor to help you achieve financial contentment. In those cases, Christian financial professionals could be uniquely positioned to counsel you from Scripture to help get your heart right, get the facts, and take appropriate action.

Here are the three roles that a financial advisor should fulfill:

- Professional financial advisor, providing technical advice
- Leader, providing motivation and direction
- Counselor, providing insight and support.

No matter where you get your financial advice, you are the ultimate decision maker. You will face the consequences, and *you* will be held accountable for the results.

(source: Shutterstock)

Key Terms

financial fear	31	financial peace	27

Endnotes

1. Matthew 25:23
2. Matthew 6:19-21
3. Ecclesiastes 5:10
4. Psalm 127:2
5. Proverbs 23:4-5
6. Psalm 143:4
7. Hebrews 13:6
8. Proverbs 3:5-6
9. James 4:13-15
10. Matthew 6:25-27
11. Romans 12:2
12. Jeremiah 29:11
13. Luke 16:10
14. Proverbs 24:26
15. Proverbs 28:6
16. Crouch, "No. 1 Taboo Subject."
17. Dratch, "5 Dumbest Money Moves."
18. U.S. Census Bureau, "HINC-05."
19. Rick et al., "Fatal (Fiscal) Attraction."
20. Rampbell, "Money Fights."
21. Minor, "Money Trumps Children."
22. Genesis 2:18
23. 1 Corinthians 13:4-7
24. See note 21.
25. Women's Institute for Financial Education, www.wife.org.
26. Lindsey Benoit and Gina Stikes. "Financial Infidelity Survey."
27. 1 Timothy 5:8
28. Romans 12:2
29. Proverbs 11:15
30. Kossman, "Co-Signers Lose Money."
31. Proverbs 20:18
32. Proverbs 15:22