

1

MONEY MATTERS

Issues in Financial Life

Ask the couple to prepare for this session by reading chapters 1 and 2 of *Right from the Start: A Premarital Guide for Couples*.

Keeping Secrets Is Never a Good Idea; from FICO to Debt-Disclosure Matters!

Elizabeth is highly upset.

As our counseling session begins, we've barely concluded our opening prayer before Elizabeth is on the attack. She's frustrated and angry, ostensibly at her new life partner. But much of Elizabeth's anger is actually directed at herself.

"You should have told me all this," Elizabeth begins, looking directly at Mark and speaking to him with evident emotion. "We could have talked about these things and maybe we could have worked out some kind of a plan together.

"But you didn't tell me!" she exclaims, leaning forward in her chair to move her face closer to her husband's as she speaks to him. "You didn't mention any of these outstanding debts, and you didn't talk about all of this negative information that's right here on your credit report! Why didn't you tell me? Why did you hide all of this from me? Did

Pastor's Notes

you think I wouldn't find out later? Did you think it wouldn't matter?" Exhausted for the moment by her tirade, she leans back in exasperation.

Mark looks at his feet. He doesn't immediately attempt to respond, but he seems to be considering how to begin.

The counselor interrupts briefly. "Did any of this come up during your premarital counseling?"

"We didn't really have any premarital counseling," Elizabeth admits with a loud sigh.

"No, we really didn't," Mark agrees. It's the first time he's spoken since the beginning of the session.

Less than six months after marrying Mark, Elizabeth has discovered that her husband owes more than \$30,000 on a total of five credit cards. He has been overextended financially for most of a decade, during which time his credit standing has consistently and sharply declined. Today, his FICO score is in the high four hundreds—not a good range for anyone trying to obtain a new mortgage or perhaps refinance an existing home. Mark's credit report contains a variety of information, some of which will later prove to be false, that is highly damaging to his character and his reputation.

However, like almost all brides—and the vast majority of grooms—Elizabeth didn't pull a credit report, do a background check, or run a FICO score on her prospective life partner. Instead, she judged by outward appearances, believing Mark to be the same kind of thrifty, wise money manager she was. She either didn't notice the warning signs of his problems, or she chose to ignore them.

Elizabeth's judgment—uninformed by any objective data or extensive conversations or counseling on this topic—turned out to be seriously wrong. The man she married was not her equal in terms of spending, saving, or managing his financial life. For Elizabeth, the eventual discovery of Mark's high debt load and greatly impaired credit rating came as a severe and unwelcome shock.

At her insistence, the couple is seeing a counselor, hoping to resolve their financial issues and move forward. For Elizabeth, this is primarily a trust issue; she simply

didn't see this problem coming. And if she missed an issue like this, Elizabeth reasons to herself, what else doesn't she know about Mark? What else is he hiding that may come out at some point in the future?

Elizabeth is worried and afraid, questioning her decision to marry Mark.

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As this book is being written, the global economy is troubled. Many people are losing their jobs; new jobs are hard to find and tend to pay lower salaries and wages. Some families are losing their homes, unable to keep making high monthly mortgage payments despite a variety of private and governmental attempts at relief.

In a global economy that is increasingly interconnected, when a major nation such as the United States is in a financial downturn, the bad news spreads to other nations and other regions that tend to feel the economic pain more swiftly and perhaps more deeply. It's difficult to find an individual nation that is prospering today in the current economic climate. There may be a few, but they are exceptions to a trend that has circled the globe.

For pastors and counselors, these macro indicators produce a full range of micro symptoms and problems. One such outcome is that married couples worldwide are facing more economic stress than usual. Fights about money and how to manage it, always a staple of potential discord in a home or marriage, are now more frequent and more serious.

Accordingly, it is critically important that we help couples address these issues before they marry rather than waiting for problems to become divisive later, threatening the health and harmony of the home.

Dr. Gerard Reed, who has spent his adult lifetime teaching students at three different universities, suggests that couples considering marriage take a close look at each other with regard to the following kinds of issues:

- Does your future life partner seem industrious and inclined more toward work than toward being lazy? Does he or she know how to get and

Pastor's Notes

hold a job? What has been his or her pattern with regard to employment?

- Is your future life partner financially responsible? What specific evidence have you seen already, during your dating or engaged life together, that reveals your partner's financial responsibility—or lack of it?
- Is your future life partner reliable when he or she makes a promise? Reliability is a trait with major implications for one's financial life.

Using these basic questions as a grid for understanding each other can help couples make wise, rational, non-emotional assessments of one another with regard to financial issues and money management skills.

As we researched and wrote this book, we solicited input and advice from recently married couples around the globe. Among the submissions we received was wise counsel from Chris. Chris is a graduate student at theological college in Manchester, England. He has already completed and earned his master's degree.

Chris and his wife, Sarah, are recently married. The two of them have the following suggestion for young couples planning a wedding and a honeymoon: Spend less on these one-time events so that you can pay down your debts—including student loans, if any—and get a good start financially as you build your life together. Spending less on a wedding and honeymoon also helps you collect and gather the resources you'll need while setting up a household and furnishing your apartment.

Other couples spoke to this issue as well. An older couple from outside the United States, preferring to remain anonymous, confessed they both had difficulty breaking the credit card habit. Both of them had gotten used to simply charging their purchases when they lacked resources to pay cash. It was a pattern that both the bride and the groom brought into the new household.

“We needed to break that pattern right away,” the wife told us. “And for us, it was hard work. But the payoff was so huge! As we became a cash-only household, we really learned decision-making and management skills that applied to all aspects of our lives, not just our finances.”

She’s right about that, and it’s a lesson and sentiment echoed by other couples from Asia, Europe, and the Americas.

Next we will turn our attention to helping couples discuss these key financial issues as they prepare to marry. Our goal in producing this resource is to oversupply you with financial questions and related materials, so it isn’t essential that you cover each one of these topics or address every single one.

What we have attempted to produce is an overall blueprint to show you where the potential landmines are located with regard to financial issues. Using this knowledge, together with your own experience in working with couples in your culture and community, you can craft an approach that will help each couple navigate the treacherous waters of money management.

Let’s look at money matters with regard to the previous history of each person, and also with due attention to the expectations each person may have about how the marriage union will develop in terms of financial planning.

Money

*Help couples talk about their finances by asking questions about their previous **experiences** with money.*

As you’ve been reading this chapter, have you thought about couples you know—couples you’ve worked with—who failed to disclose existing debts or bad credit ratings prior to getting married? Have you seen these kinds of issues blow up a few months or years into a new union? Perhaps you have stories that are even more blatant and more graphic than the ones here. If so, allow those stories to motivate you as you counsel with couples who are considering marriage. Allow those stories to empower you to help couples explore, fully and completely, each of their financial backgrounds and

Pastor's Notes

existing financial status. Whether or not they share sensitive financial data and information with you, it is absolutely essential that they reveal these things to each other.

Listed below are topics for discussion that were included in our book for couples. If you have assigned the couple to read the related chapters and complete the discussion questions, they should come to your office prepared and ready to discuss financial issues.

Begin by looking back at each person's previous history with money and financial management. Here are the relevant questions from the book for couples. Please feel free to adapt, edit, or reframe these questions in ways that will be specifically relevant to your own culture and community.

1. As you think about the adults who raised you, did you see more than one style of managing money while you were growing up?

- If you had two adults in the home, did each of them share the same financial values or did each seem to have different views on money and spending?
- Thinking only about your growing-up experiences, which adult head of household (mom, dad, stepmom, stepdad, grandfather, grandmother) seemed to have the wisest and best view of money and how it should be used?
- Which adult—choose only one if at all possible—did you most respect with regard to money matters? Why?

2. Did your family experience hard times or financial stress while you were growing up?

- What are your childhood memories of a parent losing his or her job or being forced to go without much-needed items because you could not afford to buy them?

- Was financial stress the normal pattern for your family, or was it occasional and rare?
- What are some of your earliest memories of financial stress as you became aware that there was not enough money in the household to meet the immediate needs?
- How did your parent(s) or family manage to cope with financial setbacks?

3. Was your family relatively affluent or wealthy as you were growing up? If so, did you realize it at the time?

- What did your family have as possessions or do together as a family that other families in your church, community, or area were not able to have or to do?
- Did you grow up feeling in any way privileged or having a higher status than others in your community or your church? If so, did you believe that this was because your parent(s) worked hard or were smarter than others?
- What are some of your earliest experiences as you became aware that your family was perhaps more affluent and successful than others around you? Did you ever feel guilty for the things you had, the vacations you took, the money you spent on clothes or computers or video games and such?
- Did other children or teens ever express jealousy of you or your lifestyle? How did this make you feel?

Pastor's Notes

4. Do you remember watching your parent(s) sit down and make a household or family budget?

- If your parent(s) did prepare a budget, were you asked for your input in any categories? Did you get to voice an opinion about priorities for your family? Did you want to?
- Did one of your parents typically pay the bills for your household and, if so, did that parent have a pattern or a style, a place or a time, in which paying the bills was done?
- What are some of your earliest memories of becoming aware that life cost money and that someone was paying the bill?
- As far as you could tell while you were growing up, did your parents run out of bills before they ran out of money, or did they usually seem to run out of money before they finished paying all the bills? How did you discover this? How did you know?

5. What are your earliest memories of watching a parent accept, obtain, or use a credit card?

- What do you remember your parent(s) telling you about credit and credit cards? Did your parent(s) warn you about credit, that it might become a trap that could lead to surprisingly high levels of debt?
- When did you become aware—if ever—that your parents owed money to credit card companies and that the amount of money might be substantial?
- Did your parents teach you to use credit only in emergencies? Is that how they used their own credit and credit cards?

- Do you ever remember your parents seeking or obtaining credit counseling or financial counseling? Did your parents ever attend a seminar on managing finances?
- Do you feel as if your experiences growing up provided excellent training in the proper use—and potential misuse—of credit and credit cards?

6. How old were you when you first heard the expression *FICO score*? Did you ever hear that expression, or at least a similar expression such as *credit rating* or *creditworthy* when you were growing up?

- Did you ever watch your parents attempt to qualify for a car loan or a home mortgage? Did you get to observe firsthand any aspect of that process? Do you recall whether that process was successfully completed?
- Did you realize as a child or a teen that obtaining a home mortgage involved extensive amounts of paperwork, with someone—a bank or a lender—reviewing very private issues about your parents' personal history, employment, and use of money?
- Did your parents sign or cosign loans for you while you were growing up, such as student loans or auto loans? To what extent, if any, were or are you personally responsible for those loans and debts?

Pastor's Notes

7. How old were you when you filed income taxes for the first time? Did you do it yourself or did a parent do the math and paperwork for you?

- Did you hire a tax preparer or did you sit down with piles of receipts and canceled checks and do all the work yourself?
- When, if ever, did your tax return become complicated and difficult? Has it always been your experience that tax returns are a short-form and simple process?
- Has it been your pattern, as a working teen or working adult, to get money back from the government at tax time? If so, how much money is typical? If so, what has been your pattern for saving or spending that tax refund?

8. Did your parent(s) practice the biblical pattern of tithing their income to God's work or the church? When did you first hear the word *tithe* and what was your reaction to the idea?

- Did you grow up actively tithing your own income from babysitting or your first job at a fast-food restaurant, or did you believe that tithing was something for adults or parents, not for children and teens?
- Did your parent(s) tend to tithe only when they felt they could afford it or did they tithe in good times and bad times?
- When did you make up your own mind about tithing? What did you decide to do about it when it was finally your own choice to make?

9. At what age did you open your first savings account?

- Do you remember the amount of your first deposit? Did you make regular and systematic deposits into a savings account as a child or teen, or was your saving—if any—more of a random and haphazard choice?
- What is the highest balance you ever personally reached in your own personal savings account?
- Do you remember someone teaching you the value of saving and the value of systematic saving as a habit and practice? Who told you about this? Did that person practice what he or she preached?
- Who is the best saver you know, and why do you consider that person to be a good saver?

10. When it was time for a big-ticket purchase such as a computer, a car, or something expensive that you personally needed or wanted, did your parent(s) require you to save up and contribute your own money, or did they purchase these expensive items for you?

- What is the first expensive item you ever purchased with your own money, money that you earned or saved all by yourself?
- What kinds of expensive items did your parent(s) purchase for you without requiring you to earn, save, or share in the purchase price?
- Did you grow up believing that your parents should be more generous with you, less generous with you, or did you believe that your parents were behaving just about right with regard to big-ticket items you wanted?

Pastor's Notes

11. Do you remember the first time a friend or family member asked you for a loan? How did you respond to that request?

- Do you remember the first time—if ever—you asked a friend or family member for a loan? If you asked for help, did you receive it?
- What were you taught by your parents or by the adults in your life about asking for financial help when you needed it?
- Do you recall any time when your parents asked their own parents, friends, or relatives for money? Was their request granted?
- Did you grow up watching relatives and friends ask to borrow money from your parents? How did your parents respond when someone asked them for a loan?
- Who taught you about the etiquette involved in asking for a loan or responding to a request for a loan?

12. What was your first job that actually paid money to you? How old were you when someone hired you to babysit, wash a car, cut a lawn, or do a similar chore?

- Did someone approach you about these tasks, or did you go out seeking a paying job?
- What was your first real job that involved a paycheck and tax withholding?
- Do you remember the amount of your first actual paycheck? What did you do with the money from your first paycheck on your first real job?

13. Thinking about all the people you personally know—relatives, friends, coworkers, and others—who is the wisest person you know with regard to money and money management?

- Why do you consider that person to be wise? Have you ever asked him or her to teach you about money or financial matters?
- Have you ever made a conscious and deliberate decision to pattern yourself after that person?
- If so, in what way are you seeking to model your behavior on that person's financial wisdom? Why is that person a role model for you in terms of finances and money?

14. Years from now, how do you want to be remembered by your own children, family, coworkers, and friends?

- To what extent would you like to be remembered as someone who was consistently wise about money and successful at managing money?
- Whether or not you ever become rich, is it your goal to be remembered as someone who always managed money wisely and well?

*Help couples talk about their finances by asking questions regarding their **expectations** of how money will be handled.*

Unexpressed expectations usually go unmet. Perhaps no other failure or breakdown is more common to couples as they prepare to marry. One—sometimes both—holds back or fails to express his or her expectations about how the new relationship will look and feel. While each area of potential conflict can be significant, financial issues are particularly explosive. Therefore it is hugely important that couples talk

Pastor's Notes

with each other about how each one imagines and expects their financial future to unfold.

Listed below are topics for discussion that were included in the companion book for couples. If you have assigned the couple to read the related chapter(s) and to complete the discussion section, they should come to your office prepared and ready to discuss financial issues.

We now continue by looking forward to each person's expectations about how money and financial issues will be handled in their marriage relationship. One of the greatest dangers to a couple's harmony is to keep such expectations silent, never sharing hopes or ideas with their future partner. Your role as counselor or pastor should include significant exploration of each person's expectations about money, income, credit, debt, and related issues. Get the couple talking and keep them talking. Be certain that each person speaks fully and that each person listens well.

1. Think about work and employment.

- Do you expect to work after you get married? Full time or part time?
- Do you expect to work throughout your married life or only for a certain length of time? Do you expect to work after you begin to have children?
- Do you hope to retire early, or do you see yourself working into your golden years?

Now think about your partner with regard to the same questions.

- Do you see your partner working after the two of you get married? Full time or part time? For how long?
- Do you foresee a time when your partner could or should quit working? When would that be?

- Do you expect your partner to retire early or at least quit working before retirement age?

2. Think about checking accounts and savings accounts.

- Do you expect to have separate bank accounts after you get married?
- Do you expect that each one of you will have his or her own personal and secret money to do with as he or she wishes? Or do you expect all of your money to end up in one combined pile to which both of you have equal access?
- Do you expect one person to be the one who will pay bills and manage the money? Or do you expect that each person will manage his or her own money, plus contribute toward joint expenses such as housing and utilities?

3. Think about credit scores.

- Do each of you already have a credit score? Do you know your own credit score? Do you know your partner's credit score?
- Which person has the highest credit score, and why do you believe this is so?
- Do you already know what kind of FICO, or credit score, is required to get the best terms on an auto loan if you buy a car?
- Do you already know the credit score you'll need to qualify for a preferred mortgage from a reputable lender?

Pastor's Notes

- Do you know what credit scores are required by national agencies such as FHA and others in order to back your mortgage?

4. Think about total levels of debt you will bring into your new household.

- Do you know, pretty much to the exact penny, how much money you owe and to whom? Did you remember to include loans from friends and family members that you are expected to repay?
- Do you know, within a pretty close range, exactly how much your partner owes in total outstanding debts, including to friends and family members?
- Have you already added up the total of your combined debt, before you get married?

5. Let's think about credit cards.

- How many credit card accounts do you have at present that are open and in good standing?
- Have you personally ever been declined or turned down for a credit card? Have you personally ever chosen to cancel and pay off a credit account?
- Do you know if your partner has ever been declined for a credit card? Do you know whether or not your partner has ever paid off a credit card or credit account?
- How many credit cards do you expect to have after you get married? How many joint credit cards will you carry on a regular basis as a married couple?
- What is the interest rate on the card you currently carry?

- How much do you pay, each and every month, on total combined interest on your credit card accounts?
- Are you making any progress at all in paying down the overall debt you owe on credit cards?

6. Think about tithing, especially the choice to tithe to your local church.

- Are you personally tithing to a local church?
- Are you tithing a certain percentage of your income? What percentage? Do you tithe from the gross amount of your income, or do you tithe on the take-home pay that you actually receive in your check or by direct deposit.
- After you are married, do you expect to tithe as a couple? If so, at what percentage? If so, do you expect to tithe on your gross or net income?
- Do you expect to tithe on unexpected income from gifts or bonuses, or is tithing something that only applies to regular income like your paycheck?

7. Think about giving to missionaries, helping the homeless, feeding the hungry, or other good causes.

- Are you personally involved in giving to good causes right now? Do you do so regularly, or are you more of an occasional giver?
- What is your partner's pattern with regard to this kind of giving?

Pastor's Notes

- After you are married, do you expect to be regularly giving to good causes such as world missions, hunger, prison ministries, and similar charities? Why or why not?
- About how much do you expect to give on an annual basis?

8. Think about investments.

- Are you currently in the habit of making regular investments? Do you currently own property that you rent out in order to gain more income?
- After you are married, do you expect to establish a regular and systematic pattern of investing, or do you see investing as something that might happen if you have the money or only if there's a surplus?
- Would you be comfortable owning and renting out homes or condos as one way of earning income during your marriage? Why or why not?

9. Think about buying a house.

- Do you or your partner currently own a condo, townhouse, or single-family residence?
- Is it your goal to purchase and own a home after you get married? What is the price range of home that you hope to be purchasing soon?
- Do you already know what kind of income you'll need to earn in order to qualify for a home mortgage? Would you rather rent a nice, new apartment or own an older fixer-upper house that needs repairs and improvements in order to be more livable? Which is the better choice?

- If you decide to purchase a home after you get married, do you expect to receive any help—maybe down payment money—from your parents or family members?

10. Suppose you are already married and one of you wants to buy something expensive such as a motorcycle, new computer, or fancy camera? Will the one who wants to make the purchase have to ask permission from the other partner?

- Is it okay for one partner to simply make a large purchase out of his or her income without asking the other person?
- Will you set a price limit on what one of you can buy without asking or telling the other partner?
- How often do you expect to be buying major items?
- How often do you expect to be buying major items that mostly benefit only one of you?

11. Answer this question as honestly as you possibly can, instead of just saying what might be expected: Would you rather be poor and very happily married or rich with issues or problems in your marriage relationship?

- Explain your choice. Listen carefully to your partner's choice without attacking him or her about the answer.
- Can you put a price on happiness? How high is the value of a great relationship?
- How high is the value of being wealthy or having many material possessions?

Pastor's Notes

12. This will be the final assigned question for this section, although you're encouraged to talk about anything else that may have come up during your discussion of this topic. Here's the last question: If you lived your whole life as a happily married couple, yet always seemed to be poorer than your friends and less prosperous than other members of your family, would that be okay?

- How would you feel at the end of your life if you experienced a truly happy marriage but never quite reached a level of being comfortable, let alone prosperous?
- Would you feel more like a failure or more like a success? Why?
- Explain your answer to your partner and listen patiently and carefully to your partner's answer also.