MONEY and Your Marriage

Phil Lenahan

Liguori

Imprimi Potest:
Stephen T. Rehrauer, CSsR, Provincial
Denver Province, the Redemptorists

Published by Liguori Publications
Liguori, Missouri 63057

To order, visit Liguori.org or call 800-325-9521.

p ISBN 9-780-7648-2588-0
e ISBN 9-780-7648-7010-1

Printed in the United States of America
19 18 17 16 15 / 5 4 3 2 1
First Edition

Table of Contents

The Heritage Question

Before plotting a path for the future, it's good to assess where we are now and how we got there. When looking at your attitudes and practices with money, you might be surprised at how much you've been influenced by your parents. A great exercise for couples preparing for marriage is to complete what I call the "Heritage Question." Take time to answer the following questions on your own, then share with your fiancé(e):

- What are your parents' attitudes toward money?
- How do they manage it?
- How do they communicate about it?
- How have your parents' attitudes and habits with money influenced your own perspective?

While it's good to understand how we got to where we are, it's even more important to get on the right path for the future. That's why I begin this discussion with the link between faith and finances. In Isaiah 55:8–9, the prophet says: "For my thoughts are not your thoughts, nor are your ways my ways [says]...the LORD. For as the heavens are higher than the earth, so are my ways higher than your ways,my thoughts higher than your thoughts."

You have a decision to make. You have to determine whose principles you are going to follow when it comes to money. Are you going to follow worldly ways that emphasize the accumulation of stuff and a focus on self, or are you going to follow God's wisdom and focus on relationships and things that matter over the long haul?

Most are unaware that the Bible, the *Catechism of the Catholic Church,* and Church teaching have literally hundreds of references to money. These references paint a mosaic for how we should think about money, and how we should act with money. They provide guidance on many topics, including:

- The importance of fostering communication, honesty, and unity in marriage.
- The key role that generosity plays in growing your ability to love God and neighbor.
- The value of work and importance of maintaining work-life balance.
- How having a plan helps you set priorities and reach your life's goals.
- An understanding that debt—improperly used—will keep you in financial bondage.
- How to understand saving and wealth creation through a Catholic lens.

The more closely you follow God's principles for life and money, the more complete and fulfilling your lives will be.

Basic Financial Principles

The Importance of Saving

One of the weak points for most Americans when it comes to managing money is learning how to save. We live in a consumption-oriented society and find delayed gratification not particularly gratifying. We can learn a lesson from the story of Joseph and Pharaoh in Genesis 41. Pharaoh has a dream that Joseph interprets: Egypt is to experience seven years of plenty to be followed by seven years of famine. Pharaoh appoints Joseph as governor to successfully navigate the country through the challenges associated with the years of famine. What does Joseph do? He sets aside excess harvest during the years of plenty in order to provide during the years of famine.

Joseph's example provides a lesson for all of us. While it might be easy to say we would save for the future if the Lord provided us a dream as he did for

Pharaoh, the reality is, we do know of many future obligations yet fail to save for them as Joseph did. Here are just a few examples:

- Emergency and rainy day
- Replacement vehicle
- Home improvement and repair
- Children's weddings
- Children's/grandchildren's college
- Retirement
- Inheritance for children/grandchildren

What do these have in common? They will happen in the future, and because of that, it's easy to avoid factoring them in to how we spend money today. But when you fail to save ahead for these items, you'll end up borrowing to pay for them, and that borrowing will be an impediment to reaching your long-term financial goals.

The solution is an approach to saving I call "Reserve Fund Management," which will revolutionize your financial life. The concept is straightforward. You make a list of the items you should be saving for based on a review of your life plans. Then you build an appropriate level of savings into your annual spending plan in order to fund those future obligations. The key is to build these savings into your current cash flow plan, actually set the money aside, only spending what is left over. This means you really don't have as much money available to spend today as you thought you did before factoring in reserve fund needs. Recognizing that and changing your spending habits is a key to making the reserve fund system work.

Understanding Debt

Debt is a financial tool that when properly used, can help you reach some of your financial goals. When misused, it leads to financial bondage. Whenever Scripture speaks of debt, it does so with a cautionary tone. Proverbs 22:7 says "the borrower is the slave of the lender." Habakkuk 2: 6–7 says, "You who store up what is not yours—how long can it last!—you who load yourself down with collateral. Will your debtors not rise suddenly? Will they not awake, those who make you tremble? You will become their spoil!" Debt isn't described as a sin in the Bible, but we are clearly warned about its potential consequences.

So how can we decide how to use debt? Here's a good rule of thumb. Only borrow when you are prudently purchasing an appreciating asset. There's gold in that statement, so let me repeat it: Only borrow when prudently purchasing an appreciating asset. The trick is in knowing when an asset will increase in value and how to limit the amount of debt used in a prudent way.

Let's consider a few examples. What about housing? Over the long term, housing prices historically appreciate at a rate a bit higher than inflation. So it can make perfect sense to borrow prudently to buy a home.

Let's consider the other extreme—credit cards. While there is nothing wrong with using a credit card to make regular purchases, it doesn't make any sense to borrow using credit cards. Just ask yourself when you last bought something with a credit card that appreciated in value. So if you use credit cards, make sure you are paying the balance in full every month, and only spending on things that are part of your budget.

What about cars and home-equity loans? Do cars appreciate in value? Of course not—a new car loses 15 percent or more of its value as soon as it is driven off the lot. The same is true for the majority of purchases using home-equity loans. Rather than borrow for these items, we should be paying cash, using the