



MONEY IS THE
SMALLEST
PART OF YOUR FINANCES

BRAD HAWKINS

Dedication

I would like to dedicate this book and give my thanks to my wife, Tish, and our four children: Chelsea, David, Benjamin, and Brittany. They have been such a great support to me as they put up with all of my late nights in my La-Z-Boy chair, working on my laptop developing the curriculum. This curriculum was the fundamental piece that was used in the development of our *Financial Life Training Program* and the writing of this book. I would also like to thank my business partner, Perry Sawano, and my staff for taking up the slack at the office that gave me extra time to get this exciting work done.

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CHAPTER ONE

THE WRONG MEDICINE

“Resolve to know thyself, for he who finds himself loses his misery.”

— Matthew Arnold

Kelly Richards stood at the grocery checkout, frantically digging through her purse. Her one-year-old son, Steven, sat in the cart leaning his head against her arm. He’d been running a fever all day and was beginning to fuss. Steven’s three-year-old brother, Brandon, was whining for the neon package of gum just out of his reach on the checkout shelves. Kelly knew that she had used her last check that day at work, but she wasn’t concerned because she could just put the groceries on her credit card. However, the clerk was now handing back her card with an apologetic look on his face.

“Sorry. Declined.”

She handed him another with the same result—and then a third. After a long day of teaching high school and then picking up her two boys from daycare, she just wanted to go home and sink into a chair. This was the last thing she needed.

Kelly and her husband Luke are not in a financial crisis. They both make good salaries and they don’t live extravagantly. They’re keenly aware that paying off interest is not a wise use of their money, and they’ve been making efforts to get out of debt. To do that, they’ve been shifting credit card balances from one account to another in order to consolidate payments and lower interest and finance fees.

Oops! Sometimes the credit card shuffle turns into a fumble.

But this day the timing was off. The necessary transactions had apparently not gone through and therefore the money from one account had not yet arrived in the other. Here stood Kelly in the check-

out line with a cart full of groceries and no way to pay for them, mumbling under her breath a half prayer, half protest.

Sometimes the credit card shuffle turns into a fumble. A manager in a red vest and an overly perky smile shuffled Kelly out of the checkout with her two crying boys and directed her to customer service.

Kelly felt like a kid being sent to the principal's office for bad behavior—or more specifically, bad budgeting. Humiliated, she stood with her overflowing cart of groceries, desperately trying to reach Luke on her cell phone. Although he was home sick with the flu, he would just have to suck it up and bring her a new book of checks. She shouted over the store noise, trying to explain to Luke where the new checks were in her desk, just as Steven leaned over the front of her grocery cart and threw up. Shoppers turned to stare, some in horror, some with pity, and Steven topped off his performance with a piercing wail of misery. It was all Kelly could do not to join him.

“I just kept thinking, ‘Okay, I’ve done this to myself. I’m standing here covered in regurgitated pudding because I didn’t stick to my budget.’ I felt like I should be wearing a sign that said, ‘I maxed out my credit cards and I’m sorry.’”

— Kelly

Unlike many of us, Kelly had good examples of money management growing up. She knew she needed to budget and she knew how. She knew she should track and control spending. She knew she needed to save money every month rather than sinking further into debt. She knew that giving freely and joyfully is a vital component of her spiritual and financial health. In fact, most of us know these things in our heads.

Kelly didn't understand that her money struggles have very little to do with money.

If Kelly knew all this, then why did she find herself standing at the customer service counter, ready to scream? And why do so many of us, who work hard and collect a decent pay, find ourselves with similar frustrations?

Because what Kelly, along with the majority of people, didn't understand was that her money struggles had very little to do with money. You're

wondering if you just read that right. How can money struggles have little to do with money?

Believe it or not, the most structured and well-planned budget in the world will not put Kelly and Luke on track. If it could, we'd all spend \$9.95 on a budgeting workbook. We'd go home and spend an hour and a half filling it out over a cup of coffee, and presto—we'd live in a whole nation of savvy, debt-free, and financially prosperous people. But look around; that is not the picture you will see.

MEASURING UP

What you *will* see, is that right here, in the most prosperous nation on earth, both inside and outside the church, the majority of people struggle financially on one level or another. Unfortunately, rather than alarming us, this commonality is the very thing that persuades us that things can't be that bad. I mean, if everyone's struggling, then why should I expect not to?

If you're like most of us, your first instinct is to compare your situation to those around you, and measure yourself against your peers. You undoubtedly have a friend or relative who is in a true financial crisis and thereby boosts your money management self-image. Your situation is the spring snowmelt trickling down the side of a hill, compared to someone else's Niagara Falls.

Joe Cox is one of those guys—Niagara Falls. His financial management consists of several shoeboxes brimming with mounds of bills, receipts, and tax papers dating back at least five years. The papers aren't filed by any dates or categories, just randomly stuffed in boxes. Those were the ones he hasn't just tossed. He is being harassed by the IRS and about twenty creditors. Many of us would be happy to measure ourselves against Joe. Perhaps we, and our checkbook balances, come out looking rosy, or at least we can convince ourselves that we're in good shape. But, is someone else's crisis really the standard against which God wants us to measure our own faithfulness?

Luke and Kelly represent a more common picture; people who struggle even though they try to do all the right things. Like Luke and Kelly, Matt and Sandra Henningsen are both full-time professionals with sizable incomes, and yet they are still wondering why they're not more

ahead of the game.

Despite their double income, Matt and Sandra were accruing around \$15,000 of credit card debt a year and neither could really explain where the money went. They managed the growing burden by transferring balances and refinancing, but they were frustrated at finding themselves in the same cycle year after year. Sandra had read many of the popular books on the market. She even attended a 10-week class at her church in an effort to budget better and teach her children good spending habits, but in the end, she always found the advice impossible to implement. No matter how many trendy new systems and ideas she committed herself to, no change ever occurred.

“I made every attempt to follow the programs and exercises in the books, but because I wasn’t accountable to anyone, after a few weeks of just gritting my teeth with the effort, I would automatically fall back into the same habits.”

— Sandra

A lot of us think that there must be some financial secret that we’re missing, some new budgeting or money-making strategy that we have yet to read about.

Since everyone around them seemed to be in the same boat, Matt and Sandra didn’t consider their situation dire. It certainly wouldn’t have occurred to them to seek out financial help or advice. Particularly to Matt, who grew up financially privileged and was a successful businessman. He definitely wasn’t going to listen to anyone tell him how to care for his own family or what to do with his own money. Like most of their average middle-class friends and neighbors, they always managed to pull through somehow.

Many of us, like Matt and Sandra, are a little frustrated about never seeming to get ahead, but we all figure that’s just the way it is. A huge number of us have never even questioned the way we operate.

We just do the best we can, repeat the patterns we’ve learned, and scrape by. A lot of us think that there must be some financial secret that we’re missing, some new budgeting strategy that we have yet to read about. Maybe we haven’t gotten on the right faith formula to release God’s blessings. When we do have time to deal with it, we’ll buy the workbook and get on track. Or will we?

PROBABLY NOT

If experience is any teacher, I'd have to answer that question with, "probably not." Sandra bought the books and, for some reason, still found herself repeating the same patterns. She, like Kelly, had yet to learn that her money troubles had very little to do with money. She was treating the illness with the wrong medicine. I'm not trying to discourage you or cause you to toss one more book on your pile of ideas that didn't work. I've spent years attempting to help people just like Kelly and Luke, Matt and Sandra, and Joe to turn their finances around, and I've learned the hard way what *doesn't* work.

At one point in my career as an economist and financial advisor, I was responsible for teaching as many as 400 seminars a year on budgeting. I eventually started my own company, *Integrity Financial Solutions*, in 1994. In structuring my business, I hired researchers to survey past clients and seminar participants. I wanted to find out how their lives had changed—to see my amazing accomplishments in the lives of others. Were they using the skills they'd been taught? Were they debt-free? Sticking to a budget? Had those surveyed clients managed to increase wealth by lowering debt and/or increasing assets? Our researchers said, "Participants were measured against members of the general population who, to our knowledge, had never had financial instruction of any kind."

I was anticipating the startling statistics on which I could launch a great marketing campaign for my business. The statistics were startling to be sure, but not in the way I expected. The research showed *no discernible difference at all* among the survey group. They couldn't find a single person who had taken the information from their counseling or seminars and employed it to change their lives. So much for a great marketing plan.

Was I a useless financial advisor? Did the other experts have a secret I didn't? I began meeting with every financial advisor I could find to figure out what I was doing wrong, but I discovered that we were all teaching, more or less, from the same page. The others didn't have anything new or different to say, and in fact, several of them even adopted ideas and information from me! I wanted to tell them

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not to bother, since the guidance didn't seem to make any difference.

Is financial success part of a genetic code over which we really have no control, like hair color, or height? Is it some divine dispensation bestowed on a chosen few, and the rest of us are stuck writing psalms about how it's all so unfair? Could nothing be done to help people get on top of their wallets and checkbooks? If information, education, and resources aren't the solution, what is?

AN INWARD GLANCE

Occasionally, teaching simple budgeting skills is enough to get someone on track, but as I probed deeper, I had the dawning realization that for most people, financial struggles weren't so much about money. This seems illogical. It was contrary to everything I'd learned and taught as a financial manager and advisor. I had always believed that people just needed to understand what to do and how to do it. Information and resources should solve the problems, shouldn't they? I mean, once you know what to do to achieve success, you just do it—and yet ...

I had always believed that people just needed to understand what to do and how to do it.

In tracking each client's sessions and progress, it became clear that there were always reasons that clients were unable to follow through on what needed to be done, and these reasons, as you may be starting to figure out, had little to do with money. I found myself spending less and less time talking about money and more and more time addressing communication problems between spouses, or weight-loss struggles, or family conflict, job troubles, spiritual disorientation, and childhood trauma; an endless list of things that clients never imagined were related to their finances.

I realized that I could never just send people like Joe, or Kelly and Luke, or even Matt and Sandra away with a spreadsheet and a list of goals and expect them to succeed. There were too many roadblocks. Somehow, the money needed to be separated from the bigger life issues before the simple arithmetic of budgeting, debt elimination, and investing could actually be implemented. I stopped sending people out of my office

with a carefully mapped-out plan that they had no hope of sticking with, even though that's what they expected.

I began to pray more and ask the deeper questions to figure out how to keep my clients from sabotaging their own progress. I learned that if there was something a client didn't want to discuss, that was probably the very thing that we needed to discuss. Most of the time, the touchy issues would turn out to be the catalyst of financial failure. I discovered that lasting success requires coming at financial management through the back door of bigger life issues. Although it is a longer and more involved process than simply filling out a workbook, this approach offered the kind of stability that many of my clients had never let themselves imagine.

I discovered that lasting success requires coming at financial management through the back door of bigger life issues.

You no doubt picked up this book because you, like Kelly, have a desire to improve your financial situation. You're hoping that it will be like that \$10 budgeting workbook, requiring only an hour or two of your time, and then you too will be on the fast track to security and wealth. Let me say right up front, this isn't that kind of book. As we heard from Sandra, those books rarely bring lasting or significant change. A budgeting workbook or a how-to book, while helpful, will only address money. And whatever financial struggles you are currently experiencing—money is the *smallest* part of them.

This book is designed to take you beyond the numbers. Don't misunderstand; managing finances correctly, running personal budgets, and working to eliminate your debt properly in order to build wealth are all important. But while they are the end goal of most money books, they are only a by-product of my goal for this book.

I invite you to address more than your pocketbook. What I truly want for you, is to help you get to a place where you can say in truth, "I love my life"—all of it. If reading that makes you roll your eyes in doubt, frustration, or amusement, then you are the very person who needs this book.

CHAPTER TWO

THE REAL COST

“We don’t see things as they are, we see them as we are.”

— *Anais Nin*

Leo Sawyer was a successful business manager. He was able to provide a comfortable lifestyle for his family, so Leo and Marcia agreed that Marcia would not work outside their home. They were committed to her being available to keep their home and raise their four children, which kept her plenty busy. The family was not accruing debt, and money was not a source of conflict between Leo and Marcia. This seemed like a positive feature of their relationship, but in truth, because they had never really needed to discuss money, they never had.

Enter midlife: Leo became increasingly bored and unfulfilled in his work and decided on a career change. Because the family wasn’t in the habit of discussing financial issues, Leo didn’t thoroughly consider all the ramifications of this choice with his wife and four kids. He just believed that they were behind him.

Leo was passionate about education and became a teacher and administrator, eventually taking a job at a small Christian school. For Leo it was more than a career change, but a ministry. He accepted the huge salary cut, and the family made the required changes in lifestyle and spending. He viewed this as spiritual sacrifice, and again, assumed his family felt the same. He also believed that God would honor such sacrifice on his part by making it all work out—somehow. This belief system took Leo conveniently off the hook. The “ministry” tag somehow relieved him of his duty to communicate clearly and honestly with his family, or to responsibly examine his financial choices.

However, the “God will work it out somehow” theology wasn’t kicking in, and even with their proverbial belts tightened to the last notch, the family was not making ends meet. They were racking up close to \$25,000

in credit card debt every year just on basic expenses. This was neither spiritual nor smart, and the Sawyers both knew it. But, because Leo and Marcia had never been able to discuss money in a productive way, both of them operated on assumptions. Leo assumed that Marcia was on board with the required sacrifices of his new career, and Marcia assumed that Leo must surely be aware of her growing anxiety and resentment.

Leo and Marcia both thought, mistakenly, that the whole issue revolved around the amount of money available. There just never seemed to be enough, but if only there was a little more, they'd be fine—or so they kept telling themselves. Marcia went back to school and found work earning a sizable salary, keeping the family above water financially. Not surprisingly, the increased income didn't fix their family. Instead, their relationship deteriorated further. Why? Because they had never discussed money in depth, they were both unaware of how it had trespassed, forming an emotional root system into every area of their lives.

In truth, Marcia's anger and frustration over Leo's career change started long before she even met him. When Marcia was a child, her father had also made a career change. Ironically enough, he left a successful business career to go into Christian ministry, forcing the family to make a drastic change in lifestyle. Marcia could no longer dress like her friends or attend the same activities. When she reached driving age, there was no car for her, so she didn't have the same freedoms as her peers. As a teenager, Marcia unknowingly and unconsciously made a vow that she would never again become the voiceless victim of someone else's choice.

When this pattern began to repeat itself in Marcia's marriage, Leo became the target for all the stored-up resentment from her childhood and adolescence. Once she began earning her own income, she concluded that since she could make it on her own, why did she need Leo? In her mind he had betrayed her trust and broken their initial agreement to be the family provider. And not only Leo, but God was his accomplice. Marcia began making her own choices, and those choices left her family, her finances, and her relationship with God, all in ruins.

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“But if it’s only *money* these leaders are after, they’ll self-destruct in no time. Lust for *money* brings trouble and nothing but trouble. Going down that path, some lose their footing in the faith completely and live to regret it bitterly ever after.”

1 Timothy 6:8-10
(The Message)

Neither Leo nor Marcia was aware of these buried dynamics. They couldn’t articulate what was happening in their marriage or why. They were both surprised by the fact that Marcia’s contribution to their income didn’t really fix their situation. They didn’t realize that money, and the actual amount of it, was the smallest part of what was happening to them. It wasn’t until Leo found himself forced to accept a divorce that he didn’t want, and foreclosure on the home where he raised his children, that he sought help.

A RUDE AWAKENING

Had Leo and Marcia been able to separate the emotional baggage from their pocketbooks, their family might still be intact. Without all the tendrils of mistrust, resentment, and confusion woven through it, their financial situation could have easily been fixed. Instead, they are living in the rubble of a shattered marriage and are only in retrospect realizing why. They avoided the topic of money because it was painful for Marcia. Then they tried to treat the problem with a dollar amount and discovered that wasn’t the real problem at all.

You may not have lost a marriage or a home, but there’s no way to remain untouched by the overall lack of fiscal responsibility in our society. Particularly since reckless spending is the example set for us by our government. This is not a new or recent phenomenon. America had a brief wake-up call to its grim financial future more than twenty years ago. Faced with a lagging economy and a looming Social Security crisis, politicians in 1980 launched a study to analyze and address the nation’s money issues. Results indicated that a shocking ninety-six percent of the American population, if still living at age sixty-five, would be broke. Can I just say that again? Ninety-six percent of the American population, if still living at age sixty-five, will be broke. That’s what they concluded twenty years ago, before the other four percent of Americans lost their retire-

ment accounts in the 2008/2009 economic crisis.

However, in a capitalist democracy, crisis equals opportunity, and thus the financial services industry exploded. Accountants, attorneys, stock-brokers, and insurance agents rushed in to offer financial planning advice. Hundreds of finance gurus wrote books with titles that made promises of quick fixes and simple formulas. Experts offered seminars in every recreation center, church basement and banquet hall across the country. I was one of them. The Internet provided access to a plethora of websites and tools for “do-it-yourselfers.” Non-profit agencies began counseling and teaching the fundamentals of financial planning. Even the education system got onboard and began offering high school classes in personal finance, economics, and investing for teens.

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PATCHING THE DAM

Surely, the influx of resources and services should have solved the crisis, right? Wrong. The uncomfortable truth revealed by my research from Chapter One, was no secret to anyone paying attention. Twenty-five years of financial service overload not only hasn't improved the situation, but our financial picture has deteriorated even further. Americans are deeper in debt, our spending is more out of control, foreclosures and inflation are at an all-time high, and there is less money waiting for us when we retire. The practice of setting aside monthly savings has almost disappeared. Twenty years ago, families set aside an average of 3% of their income; today that number has dropped to negative 3%. What does that negative represent? It means that not only are we not setting any money aside, but we are also sinking further into debt every month. Do you even know anyone who is debt-free? Probably not.

America is currently facing its highest debt ratio in history with a total of \$48 trillion. Lest that become a meaninglessly huge figure to skim over, that breaks down to \$161,287 per man, woman

No one likes a bunch of scary statistics. They're boring and alarming at the same time.

and child—or \$645,148 for a family of four. While this figure includes home mortgages and car loans, over \$9,000 per family represents credit card debt. These numbers do not even account for the “great government bailouts of 2008 and 2009.”

How are we keeping up with all this debt? We’re not. Research shows that 47% of households have been called by a bill collector in the past year. Almost half of households missed, or were late with a payment, resulting in credit card late fees that averaged from \$30 to \$39 each.

Most companies also penalize cardholders after only one late payment by doubling or tripling the interest rate. This means that households with an average amount of credit card debt would pay an additional \$1,100 each year. This causes payments to increase even more, and for a family already struggling to make minimum payments, this becomes like the Hydra—that many-headed serpent from Greek mythology. Every time Hercules chopped off one of the heads in an effort to kill it, two more heads would grow in its place. Hercules finally succeeded in slaying the beast by cauterizing each severed neck with a torch. Perhaps that is the mythological equivalent of cutting up a credit card.

It doesn’t require a prophet or a psychic to predict where all this debt is taking us, and yet, so few of us recognize the danger and are able to succeed in breaking the cycle. No one likes a bunch of scary statistics. They’re boring and alarming at the same time, but because we’d rather ignore scary statistics, the problem grows. And yet, managing money is really just arithmetic. We all learned to add and subtract in primary school, so why is America facing an epidemic of financial failure?

Managing money is really just arithmetic. We all learn to add and subtract in primary school, so why is America facing an epidemic of financial failure?

While we’d all like to ignore these statistics, the price of negligence is unavoidable. Never mind what happens when 96% of retirees in this country are without the means to survive. What about today, when you’re standing at the customer service desk hanging your head and waiting for your sick husband to bring you a check, or worrying about putting off the needed car repair, or wishing you could send a check to disaster victims in Asia, or the homeless shelter downtown—but you can’t. What about the stress in your relationships caused by spending habits, or the dread and helplessness

you feel when opening the mailbox? Where does your faith fit into all this, and what did Jesus mean when He promised abundant life? Can we break these patterns ingrained by our backgrounds and the society around us?

BEATING THE ODDS

You're reading this book because you have recognized your need to get a handle on your money. Perhaps you've read other financial management books, attended seminars, or even taken a class. Were you able to integrate the information and skills into your daily life, or were you, like Sandra, unable to really make it happen? If you were like Sandra, you stand with the majority. But don't lose hope. Sandra and Matt, and Kelly and Luke have all found change and lasting success. They are beating the odds, and so can you.

It may be hard to embrace that statement for yourself, but let yourself believe for a minute that you can achieve lasting change and success in your financial life. What would that look like? Do you have financial goals, or have you been so preoccupied with making ends meet each month that setting goals seems useless. When was the last time you allowed yourself to dream about real possibilities, not just the "someday if I win the lottery" dreams. What about the other areas of your life? If you weren't worrying about money, would it change your relationships? Would it allow you to consider a more appealing career? Would you go on a mission trip? Would you get in shape?

When you think about these possibilities, you realize that they require change. Very few of us are able to master a new skill or make behavioral changes on our own, even when we have the "information." Information can only take us so far. Like Sandra, most of us *know* what we should do. It's not information that's needed—it's implementation, and there's the rub. You've read books, filled out worksheets, maybe even spoken to a financial advisor. And yet, here you are, reading another book. What's the answer? *Is* there an answer? I believe there is.

If you believed that you could achieve lasting change and success in your financial life, what would that look like?