

## **TEMPERAMENT AND MONEY**

Developing a budget is a good first step to managing your finances. Another important part of managing your money is knowing your temperament. Knowing your temperament will help you understand why you manage money the way you do, help you maximize your strengths and deal with your weaknesses.

### **Why We Manage Our Finances The Way We Do**

What are the factors that contribute to how we manage our finances? Who we are as a person can be divided into three overlapping attributes; Temperament, Character and Personality. Our temperament and character determine how we manage our finances.

Temperament is more than personality; it is made up by our personality, childhood upbringing, parental influence, education, self-discipline, motivation (internal and external), mental attitude, life experiences and health. Temperament does not determine how we spend our money, that's where character comes in.

Character is a combination of temperament and the will. Our temperament can make it easier or harder to make good choices and develop a good Character but the choice is ours. Our reputation comes from our character, the choices we've over our lifetime. Are we trustworthy and dependable? Our credit rating, which influences the ability to borrow money when necessary, is a direct result of our character.

Personality is the outward expression of our temperament, the face we show the world. Depending on how genuine we are, our personality may or may not be a true reflection of our temperament and character.

### **What Temperament Type Are You?**

The Greek Philosopher and Educator Hippocrates described and named four basic temperament types; Sanguine, Choleric, Melancholy, and Phlegmatic. Everyone is a combination of two or three of these types with one type being dominant. You can get

an indication of your temperament types by taking the simple assessment on the following pages. Try to take the assessment when you are calm, relaxed and rested. Read through the four lists of characteristics, after reading all four lists go back through the lists a second time and check the characteristics that describe you. After checking the boxes that apply to you add the number of check marks in each list and write it in the Total box at the bottom.

<b>Temperament #1</b>		<b>Temperament #2</b>	
	Perfectionist		Talkative, popular
	Analytical		Loud, sometimes brash
	Industrious		Emotionally volatile
	Musically inclined		Persuasive
	Enjoys art, music, beauty		Quick tempered
	Detail oriented		Colorful, exciting
	Precise, exact		Fun loving
	Introspective		Low self-control
	Self-sacrificing		Impulsive
	Excellent planner		Low sales resistance
	Supportive of others		Compassionate
	Self-disciplined		Emotionally responsive
	Serious		Warm, friendly
	Gifted, multi-talented		Outgoing, extroverted
	Aesthetic		Enthusiastic
	Worrier, fearful		Loves people
	Critical and picky		Great encourager
	Indecisive		Not well organized
	Pessimistic		Loves approval of others
	Deeply emotional, moody		Restless
	Creative		Optimistic
	Sensitive		Not always on time
	Loyal, faithful		Not good at details
	Frozen by worry, depression		Sensitive
	Harbors resentment		Not well disciplined
	<b>Total</b>		<b>Total</b>

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<b>Temperament #3</b>		<b>Temperament #4</b>	
	Calm, cool		Strong willed, determined
	Laid back		Time is most valuable asset
	Easy going		Driving personality
	Quiet, respectful		Impatient – wants it yesterday
	Inactive, sometimes lazy		Sometimes bossy
	Tends to be passive		Direct, forceful
	Avoids and dislikes conflict		Values tasks over people
	Slow to make decisions		Natural leader
	Peaceable, peace loving		Like to be in control
	Quick, dry wit		Sometimes intolerant
	Diplomatic in conflict		Decisive
	Dependable, reliable		Strongly opinionated
	Objective		Independent, hard working
	Efficient		Self-motivated
	Orderly		Confident
	Agreeable, likeable		Self-reliant
	Hard to motivate		Self-assured
	Waits till last minute		Goal oriented
	Often indecisive		Aggressive driver
	Fearful, worrier		Risk taker
	Self-protective		Prone to anger
	Saves everything		Sarcastic
	Introverted		Argumentative
	Stubborn		Insensitive, unsympathetic
	Works well under pressure		Practical
	<b>Total</b>		<b>Total</b>

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## **Interpreting The Assessment Results**

Some points to remember as you look at your assessment results:

No personality is good or bad, right or wrong. Each has its strengths and weaknesses.

Most people have a combination of two temperaments (some are a combination of three!), the lists you score the two (or three) highest scores for are your dominant temperament types.

To get confirmation or balance of this self-assessment have a loved one take the assessment for you and compare the results.

Finally, temperaments are not an excuse for our behavior, the reason for learning about our temperaments is to understand our weaknesses and learn to deal with them.

Here is the key to the temperament assessment:

List #1 is the Melancholy temperament

List #2 is the Sanguine temperament

List #3 is the Phlegmatic temperament

List #4 is the Choleric temperament

## **Your Temperament and Budgeting**

Let's take a look at the personality traits of the various temperaments and how these traits affect how a person manages their money.

### **Melancholies**

Melancholies are task oriented, analytical planners. They are dependable, intellectual and introverted. Melancholies are detail oriented, they act only after thinking through a situation. They are not socially inclined but make great friends because they are so loyal and dependable. Melancholies love art, natural beauty and music. Melancholies are perfectionists, wanting everything in order including their finances.

Because of their ability to plan and work out details Melancholies are the most natural at budgeting and the best at controlling

their spending. Melancholies plan their spending and go shopping with a shopping list. However since they are perfectionists Melancholies can overspend their budget by not settling for something they can afford. Melancholies can put off immediate gratification and save their money for the sake of long-term goals. Melancholies are natural worriers and don't like risk, they would rather have their money in a low interest low risk investment and watch their savings gradually increase.

### **Sanguines**

Sanguines are talkative, charming, sociable people that are sensitive to the feelings of others. They are generous and relationship oriented. Sanguines are good at jobs that require verbal interaction, they are very persuasive. They are emotional, acting before they think. Sanguines don't like to plan or work out details, they are generous givers.

Managing finances is difficult for Sanguines because they don't like to plan or work out details. Sanguines get into debt easily because they spend before they think about the financial consequences. In order to improve their ability to manage their money Sanguines need to plan their spending. Since everyone is a combination of two or three temperament types, if a Sanguine also has a strong Melancholy temperament they will have some of the traits that will help them budget. But if not, having a family member or friend who is good with their money would be a great help in developing and living on a budget.

### **Phlegmatics**

Phlegmatics have a calm, even temperament, they rarely seem to get upset. Phlegmatics are relationship oriented and have a strong desire to maintain peace. They will avoid conflict even if it means leaving problems unresolved. Phlegmatics don't give up easily, they plow ahead and have a strong work ethic.

Phlegmatics love to save and are good at planning but they have trouble carrying out a plan, they can't bring themselves to act. This means they may develop a budget with all good intentions but not follow it. Spending is also difficult for Phlegmatics, they will buy something for themselves only if it is necessary. Giving to others is difficult for Phlegmatics as well. Because of their

easy going nature being in debt doesn't bother Phlegmatics, it usually takes a crisis to get them to do something.

### **Cholerics**

Cholerics are extroverted, task-oriented people with a strong desire to accomplish and succeed. Cholerics are good planners and tenacious about achieving their plans. Cholerics are self-sufficient and usually like to work alone because they are not good at verbal communication and most people cannot live up to their expectations. It was a choleric who first said "If you want something done right you've got to do it yourself". Cholerics are also in a hurry to get something accomplished so they can get on to the next task!

Because of their energy, ambitiousness and practical nature Cholerics rarely lack for money, they will do whatever is necessary to provide for themselves and their family. But because of their independent nature they find it difficult to share financial decisions with their spouse and family. Because of their task oriented nature they can also become workaholics, ignoring other parts of their life to succeed at their work. A Choleric's high expectations can make them impatient with their finances, they may expect immediate success with their investments and they may be unwilling to wait while the stock market or economy recovers from a slow period. Cholerics can also find it difficult to give, they tend to find their security in money so they are unwilling to give it away.

### **Summary**

Everyone is a combination of these four temperaments, the good traits of one temperament can reinforce the good traits of another temperament or balance out the bad traits of another. But the bad traits of one temperament can also reinforce the bad traits of another temperament! So learn about the good and bad traits of your temperaments and their affect on how you manage your money.

## **REFERENCES AND INTERNET RESOURCES**

Smart Money

Jerry & Ramona Tuma and Tim LaHaye

1994 Multnomah Books

What Type Am I? Discover Who You Really Are

Renee Baron

1998 Penguin Books

New York Times June 12, 2005

Angela Whitiker's Climb

Isabel Wilkerson

Information and resources to help you with family or business financial matters can be found on the Crown Ministries web page:

[www.crown.org](http://www.crown.org).

Business and financial news including advice on personal finance is available at CNN Money:

<http://money.cnn.com/>

Daily coverage of US and International financial news is available at the Wall Street Journal website. Personal finance and investing is covered as well:

<http://online.wsj.com/home-page>

US and International financial news from a British perspective is available at the Economist website:

<http://www.economist.com/index.html>

An electronic version of the Balance the Budget spreadsheet and Monthly spending record with instructions can be downloaded free of charge from the Get On A Budget website:

<http://sites.google.com/site/getonabudget/>

**CLOSING THOUGHT:** Your income is not the most important part of being a financial success. The most important part is being able to control your spending. Here's a true story that illustrates this point:

A financial counselor met with three families one day. The first family had an income of \$30,000 per year, they were not able to pay their monthly expenses. The second family the counselor met with had an income of \$50,000 per year and they were not able to pay their monthly expenses. The third family had an income of \$70,000 per year, they also were not able pay their monthly expenses. The family making \$70,000 a year made more than twice as much as the family making \$30,000 per year yet they were still not able to pay all their expenses. All three families needed to stop making unnecessary purchases in order to get their spending within their income.

### **The Power of Giving**

In the Bible, Proverbs 11; 24 says that a person who gives gets more in return. Include giving as a part of your budget.

### **Financial Testimonies**

In 1998 Regina Jennings gave \$93,000 to the school she worked for. That may not be so unusual, but the story of how she was able to do it is very unusual.

Regina Jennings wears jeans, drives a GMC Jimmy and lives in a modest house across the Monongahela River from West Virginia University. For 15 years Mrs. Jennings mopped floors and dusted classrooms at the University earning \$10,000 a year as the custodian at the creative arts, law and engineering buildings.

"I worked day shifts so I had the chance to get to know some folks at the school. They would always talk to me, asking how I was doing," Mrs. Jennings said. "They treated me very well over the years." Mrs. Jennings recently expressed her gratitude by donating \$93,000 to the law school.

Mrs. Jennings, 75, inherited a piece of property in the Penn Hills section of Pittsburgh and rented it for 23 years before selling it.

She invested the rental income along with her salary. "I didn't make a lot of money but what I did make I kept", she said. "Really, it was my broker who made the money for me."

John Fisher, dean of the College of Law said he "simply stunned by Mrs. Jennings' act of kindness", adding, "Not only was her gift unexpected, it was incredibly generous." The gift will be used to renovate and equip a long-distance learning room at the law school that will be named for Mrs. Jennings.

Mrs. Jennings said, "Naming the room after me might be alright, but I don't want my picture on the wall," have you ever seen the pictures of people hung up in school rooms? No thanks."

### **Save For The Future or Pay For The Past**

The consumer culture in America encourages us to buy what we want when we want it. But there's a price for that; the interest payments we make on our credit cards or installment plans if we can't afford to pay the entire balance. So many people end up paying extra for items they bought months and months ago and may no longer be using. The remedy to that is to put off the desire for instant gratification and save for the things you need and want.

In 2003 CNN Money told the story of a young couple, Bret and Shannon, who wanted to buy a house. Shortly after their wedding the previous year they decided to get serious about saving a down payment. They had more than \$25,000 to start with from wedding gifts and work bonuses.

The only debt they had was the \$3,000 they owned on a car so the next step was to save as much as they could from their salary. They had always managed their money carefully so there didn't seem to be any obvious ways to reduce their spending until Shannon looked at her year end summary of credit card charges and noticed how much money they spent on eating at restaurants.

So they decided to start cooking for themselves; every weekend they prepare a list of meals for the coming week and make a shopping list for the grocery store. Their shopping list helps

them avoid making any spur of the moment purchases. With the money they're saving on food along with some other economizing they've grown their down payment to \$70,000.

In addition to saving for their home Bret contributes \$3,000 yearly to a retirement IRA. Shannon contributes 4% of her annual salary to her company 401K, just enough to get the companies 50% matching funds. Once they buy a home they will contribute more to retirement savings.

So Bret and Shannon are helping themselves financially in three ways; they've reduced their expenses by eating out less often, making a shopping list for their groceries and avoiding spur of the moment purchases. They are contributing to tax free retirement investments. And they are saving for a home that will accrue their housing dollars for their benefit, rather than a landlord, and appreciate in value.

One major goal of a budget is to begin saving for the future, even to the point of putting aside your income for monthly expenses, so that by the end of one month you have the money for next months expenses in the bank. What does this accomplish? You will pay your bills on time and maintain a good credit rating, you will be earning interest on your money (no matter how small it may be, earning interest is better than paying interest) you will have peace of mind knowing you can pay your bills and you will break the bondage of having to have things. The peace of mind that comes from being able to pay your bills is far greater than the fleeting satisfaction that comes from buying something.