

How Your Temperaments Affect Your Finances

For as he thinketh in his heart, so is he.

– Proverbs 23:7 (KJV)

Solvency is entirely a matter of temperament and not of income.

- Logan P. Smith, essayist

When Jude and I met, I was a product manager at a market research firm. Right after we got engaged, I changed employers and got a nice raise, along with the potential to earn fairly sizable bonuses. Jude was in her eighth year of working for Campus Crusade for Christ, a Christian ministry that works with college students. I was earning almost three times as much as she was making. Plus, I am eight years older than she is. Still, despite my higher income and longer amount of time to earn money, she was in better financial shape than I was. Jude had more money in retirement savings, owned a paid-off car that was two years newer than mine, and gave away a higher percentage of her income.

In part, these differences were because I had gone through a dramatic financial crash and burn while I was in my mid-twenties, as I described in the last chapter. In essence, I had stood still financially for about seven years while Jude was making steady upward progress.

Even though she didn't earn a high income, Jude excelled at living within her means while setting money aside for the future. When we were dating I never heard her complain about not having enough money for this or that. She was content. And it wasn't like she was wearing rags or anything.

In fact, here's one of my favorite stories about Jude's ability to live well on a little. One winter day she was walking along a fashionable street in downtown Chicago when a well-dressed, wealthy-looking woman stopped her and asked where she had purchased the leopard print hat she was wearing. I'm sure the woman was expecting Jude to name a store like Saks Fifth Avenue, Nordstrom, or Macy's. So imagine how taken aback she was when Jude explained she had picked it up--for free--at a thrift store where she was volunteering. Since the hat hadn't sold after several weeks in the store, it was about to be tossed in the trash and Jude snagged it.

I once asked her how she became so good at living within her means. She shrugged her shoulders and said, "Isn't that what you're supposed to do?" Her wise financial habits, and the fact that they come to her so naturally, can be explained, in part, by her temperament. Jude's primary temperament is melancholy; her secondary temperament is phlegmatic.

How God Has Wired You

Knowing your temperament and that of your fiancé or spouse will open up a whole new window of understanding. It will go a long way toward explaining why you both do what you do with money (and everything else, for that matter). It can also help you manage money as a team while minimizing your financial disagreements.

The simple insight that a person's temperament typically does not change should help. If you're having recurring disagreements, maybe it's because you keep trying to change something about each other that won't ever change. That's not to say temperament is an excuse to keep doing something that irritates your spouse. While we may not be able to change our temperament, we can learn to manage it. Becoming aware

of how your temperament influences your attitudes and behavior is the first step toward being able to maximize your natural strengths while not being at the mercy of your natural weaknesses.

There are several different temperament classification systems, but they all have their roots in the one formulated by Hippocrates, the father of modern medicine, all the way back in 370 B.C., and then refined by the Roman physician Galen in 190 A.D.ⁱ This system consists of four temperaments: Choleric, Sanguine, Phlegmatic, and Melancholy.

Each of us has a primary and a secondary temperament; let's find out yours.

Identify Your Temperament

In order to determine your temperament, review the characteristics for each of the four temperaments below,ⁱⁱ checking the box for each characteristic that describes you. As you'll see, some are positive characteristics and others are negative. Be as honest as possible in indicating whether you can relate to each one. When you are finished, add up the number of characteristics you checked for each one.

A

- | | |
|--|---|
| <input type="checkbox"/> Strong-willed, determined | <input type="checkbox"/> Self-motivated |
| <input type="checkbox"/> Time is most valuable asset | <input type="checkbox"/> Confident |
| <input type="checkbox"/> Driving personality | <input type="checkbox"/> Self-reliant |
| <input type="checkbox"/> Impatient – wants it done yesterday | <input type="checkbox"/> Self-assured |
| <input type="checkbox"/> Sometimes bossy | <input type="checkbox"/> Goal oriented |
| <input type="checkbox"/> Direct, forceful | <input type="checkbox"/> Aggressive driver |
| <input type="checkbox"/> Values tasks over people | <input type="checkbox"/> Risk taker |
| <input type="checkbox"/> Natural leader | <input type="checkbox"/> Prone to anger |
| <input type="checkbox"/> Likes to be in control | <input type="checkbox"/> Sarcastic |
| <input type="checkbox"/> Sometimes intolerant of others | <input type="checkbox"/> Argumentative |
| <input type="checkbox"/> Decisive | <input type="checkbox"/> Insensitive, unsympathetic |
| <input type="checkbox"/> Strongly opinionated | <input type="checkbox"/> Practical |

- Independent, hard working

B

- Talkative, popular
- Loud, sometimes brash
- Emotionally volatile at times
- Persuasive
- Quick-tempered
- Colorful, exciting personality
- Fun-loving
- Low self-control
- Impulsive
- Low sales resistance
- Compassionate
- Emotionally responsive
- Warm, friendly
- Outgoing, extroverted
- Enthusiastic
- Loves people
- Great encourager
- Not well-organized
- Loves approval of others
- Restless
- Optimistic
- Sometimes late to appointments
- Not good at details
- Sensitive
- Not well-disciplined

C

- Calm, cool
- Laid back
- Easy going
- Quiet, reserved
- Inactive, sometimes lazy
- Tendency toward passivity
- Avoids and dislikes conflict
- Slow to make decisions
- Peaceable, peace loving
- Quick, dry wit
- Diplomatic in conflict resolution
- Dependable, reliable
- Objective
- Efficient
- Orderly
- Agreeable, likeable
- Hard to motivate
- Frequently waits until last minute
- Often indecisive
- Fearful, worrier
- Self-protective
- Saves everything
- Introverted
- Stubborn
- Works well under pressure

D

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- | | |
|--|--|
| <input type="checkbox"/> Perfectionist | <input type="checkbox"/> Gifted, multi-talented |
| <input type="checkbox"/> Analytical | <input type="checkbox"/> Aesthetic |
| <input type="checkbox"/> Industrious | <input type="checkbox"/> Worrier, fearful |
| <input type="checkbox"/> Musically inclined | <input type="checkbox"/> Critical and picky |
| <input type="checkbox"/> Enjoys art, music, things of beauty | <input type="checkbox"/> Indecisive |
| <input type="checkbox"/> Detail oriented | <input type="checkbox"/> Pessimistic |
| <input type="checkbox"/> Precise, exact | <input type="checkbox"/> Deeply emotional, moody |
| <input type="checkbox"/> Introspective | <input type="checkbox"/> Creative |
| <input type="checkbox"/> Self-sacrificing | <input type="checkbox"/> Sensitive |
| <input type="checkbox"/> Excellent planner | <input type="checkbox"/> Loyal, faithful |
| <input type="checkbox"/> Supportive of others | <input type="checkbox"/> Frozen by fear, worry, depression |
| <input type="checkbox"/> Self-disciplined | <input type="checkbox"/> Harbors resentment |
| <input type="checkbox"/> Serious | |

Add up how many boxes you checked for each of the four sets of characteristics.

A ___ B ___ C ___ D ___

The one with the highest number is your *primary temperament type*. The one with the second highest total is your *secondary temperament type*. Here's the scoring key.

A = Choleric

B = Sanguine

C = Phlegmatic

D = Melancholy

Now let's look at some ways that each temperament may impact a person's financial beliefs and behaviors.ⁱⁱⁱ

The Choleric and Money

General description. Hard-charging, bottom-line, type-A.

Financial implications. Choleric are great at casting vision and barreling through any barriers that stand between them and their goals. Direct that vision and perseverance toward a financial goal such as getting out of debt or saving for the down payment on a house, and look out. A choleric can charge right to the head of the money class. The only problem is, because of their aggressive, time-sensitive nature, choleric often run ahead of their spouses, leaving them out of financial decisions, failing to share passwords to bank and investment accounts, and even making investments without talking about them beforehand.

Choleric thrive on being productive, getting things done, and achieving results. They are often good providers, but may be vulnerable to workaholic, which can be a threat to a marriage. According to one study, marriages involving a workaholic are twice as likely to end in divorce.^{iv} If your fiancé or spouse overdoes the hours at work, experts recommend that you try not to enable that tendency by always rearranging your schedule to accommodate theirs. Also, find mutually enjoyable activities you can take part in together.

When planning a major purchase, especially if it's something they strongly desire, choleric will do a good job finding the best deals, as long as it doesn't take too long. That last part is especially important. I am primarily a choleric. I value getting a deal, but getting it quickly. Once choleric know where to buy the item for the best advertised price, their assertive negotiating skills can generate additional savings. Just make sure you don't browbeat the salesperson in the process; choleric value tasks over people.

Choleric do a good job of organizing their household's bill-paying system. Since they are typically organized and hate being late, they'll make sure bills are paid on time.

If you are married to a choleric and want your spouse to go with you on a shopping trip, don't expect him or her to revel in a leisurely stroll through the mall. Choleric want to find what is needed and then get out of there. You may be better off shopping separately.

Choleric can be demanding of their spouse, wanting to see what he or she bought at the store and checking to see how much was spent. If you are a choleric, make sure your budget has a category for your non-choleric spouse to manage—at least his or her own clothing budget, and perhaps a budgeted amount for a hobby or lunches with friends. As long as your spouse stays within that amount, no rifling through clothing purchases or asking to see receipts.

Choleric may be too aggressive in investments,^v and can fall for get-rich-quick schemes—all the more reason to consult your spouse before making that trade. Also, watch out for a tendency to hoard, as choleric often find it easier to take their sense of security from their bank or investment accounts than from God.

Generosity may not come naturally to the choleric, unless he or she sees the practical benefit. A choleric friend struggled with the decision to participate in his church's building campaign until the pastor specified the cost of each seat in the new sanctuary. Motivated by the tangible results of each dollar given, my friend ended up making a generous contribution.

Choleric pros/cons and what to do. Your action orientation can be a good thing. You'll position yourself for the next promotion, take full advantage of your employer's retirement plan, and not get stuck overanalyzing your insurance needs.

Your main watch-out is to not leave your spouse out of financial decision-making. Add the following items to your ever-present to-do list: Give spouse access to the passwords, provide a summary of financial accounts owned, and schedule regular meetings to discuss investments and other financial decisions.

Bonus idea. Want to buy a choleric spouse a great gift? Choose something practical, utilitarian. Even better, give a gift card so he or she can choose the gift.

The Sanguine and Money

General description. Outgoing, colorful, life of the party.

Financial implications. Sanguines are all about being with people, so they naturally gravitate toward and succeed in people-oriented jobs, such as sales. However, the combination of a variable income and a decided lack of interest in details can leave a sanguine's finances in a bit of a mess. Budget? Who has time for that? Sanguines would rather be out socializing. If you are married to a sanguine, don't try to turn your spouse into the keeper of the household budget. It isn't going to happen. Just get him or her to drop receipts in the vicinity of your budget, and then enter the data yourself.

Their focus on the present may also leave sanguines ill prepared for future needs like retirement or a child's college tuition. They are not the best at balancing their checkbook or paying bills on time.

Because they thrive on approval and like to be noticed, sanguines may overdo it on the latest fashions, vehicles (can you say, "Red sports car"?), or technology. Let's face it; they are not likely to get a lot of compliments driving an old car—or even a new beige one for that matter—or wearing practical shoes.

Because they are more driven by feelings instead of facts, sanguines may make purchases without researching the best options, especially if there's a likeable salesperson involved. A tendency toward impulse purchases along with low sales resistance may make sanguines susceptible to coming home with big-ticket surprise gifts with all the extras, like a big-screen TV along with the priciest extended warranty. After all, the sales person was such a great guy; he exuded trust.

When it comes to investing, sanguines are willing to take risks. However, since they usually don't take the time to create a well thought out investment plan, they can make bad investment decisions.

Sanguines are typically very generous, which can motivate a less generous spouse. However, their trusting nature can make them fall for fundraising scams.

Sanguine pros/cons and what to do. Your fun-loving nature can help a frugal spouse learn to enjoy more of the things and experiences money can buy.

Your main watch-out is a tendency to overspend. One of the most practical steps you can take is to use an envelope system for budgeting. Once you are out of money in a particular category, that's all you can spend for the month. (I'll talk more about how to do this in chapter 5).

Since you tend to be very generous, which can lead to overspending on gifts, instead of buying expensive gifts, consider making things for people. Better yet, give them certificates for projects you will help them with. That'll give you an opportunity to spend more time with your friends without spending money.

Bonus idea. Want to buy a sanguine spouse a great gift? Throw a party in that person's honor and invite all of his or her best friends.

The Phlegmatic and Money

General description. Reliable, dependable, predictable.

Financial implications. Phlegmatics have a strong work ethic; they can be counted on to show up and methodically get the job done. However, a lack of motivation to reach for the next rung on the corporate ladder, combined with a preference to work behind the scenes, may leave them performing below their career potential.

Phlegmatics tend to be organized and good planners; it's follow through that's the problem. They may do a fine job with hanging on to their receipts, but never get around to developing a budget. They have all the details of their financial life; they just don't have a compelling vision for where they want to go.

They sometimes wait until the last minute to pay bills or file taxes. They're the ones you see on the television, putting their tax returns in the mailbox on April 15th.

Phlegmatics are good at living within their means. They are excellent bargain shoppers, possibly leaning toward being cheap. They are content to drive older cars, eat in inexpensive restaurants, and stay in budget hotels when vacationing.

Since they don't like spending money, they may find tipping to be a challenge. You know you're a phlegmatic if you have a laminated tip card in your wallet that tells you exactly how much to leave your server, and if you rarely leave more than 15 percent. This reluctance to spend may also make it a challenge to give money to charitable organizations. However, phlegmatics are also empathetic, so once they see a clear need, they can be generous.

They have a hard time throwing things away, even if clothing is out of fashion, or the sofa is threadbare. If your closets, garage, or basement are packed with stuff, you may be phlegmatic.

Phlegmatics may agree to their need to start saving or investing, but then put it off. Once they get started, though, they are good at sticking with the plan.

They are patient and persistent, although they can be overly conservative, especially with investments. They prefer bonds over stocks. However, because of their rational bent, they have the potential to choose well-researched investments. They may just need their spouse to help them pull the trigger on the investment once the research is done.

Since they avoid conflict, phlegmatics have a hard time contacting their creditors if get into financial trouble. But once they solve their problem, they are unlikely to get into trouble again.

They are slow to make decisions, preferring to know all of their options. This can drive a choleric spouse crazy, but once a phlegmatic decides, they tend to make good decisions.

Phlegmatic pros/cons and what to do. Your ability to live within your means will serve you and your spouse well. It's an unusual trait in our marketing-saturated, consumer culture.

Your main watch-out is to not let frugality turn into cheapness. A sign that you may have moved into the cheap camp is when your money-saving ways damage relationships. If you are a phlegmatic husband, for example, you may need to overcome

some internal resistance to buy your spouse gifts from time to time—and I mean something other than what you find in the bargain bin.

Bonus idea. Want to buy a phlegmatic spouse a great gift? Buy a high quality version of something he or she enjoys. If your spouse likes to garden, for example, but uses rusty tools picked up at a garage sale, buy him or her a new set of hand tools.

The Melancholy and Money

General description. Disciplined, likes to plan, has lofty ideals.

Financial implications. Of all the different temperament types, melancholies are the most likely to enjoy using a budget. Their detail orientation makes them good at keeping records. Alex is a classic melancholy. “I really like budgeting. I like seeing the inflow and outflow of money. I put it in Excel. It helps me not feel stressed. Without a budget, if I saw that my bank balance was down by \$1,000 I would be stressed. But knowing where it went helps me.”

If anything, melancholies may be too detail-oriented, striving for the perfect budget and getting frustrated if the numbers are slightly off. They can also be a bit unrealistic, setting financial goals that are beyond the reach of most mortals.

Melancholies are also good at controlling spending. Their sacrificial nature helps them delay gratification, putting up with an old car until they have enough money saved to buy their next car with cash.

However, a perfectionist streak may cause melancholies to overspend on certain things, especially those related to their aesthetic nature: artwork, beautiful clothing, or tickets to see a favorite band. For example, I mentioned that Jude’s secondary phlegmatic temperament has given her a great ability to live within her means. So, you would think

that overspending is not an issue in our relationship. However, her primary temperament is melancholy, and she has the classic melancholy tendency toward being a perfectionist when it comes to certain things. In her case, eye glasses. A few years into our marriage, we both agreed that she could use a new pair of glasses. Did we go to one of the national chains or a department store? No way. She insisted on going to a small boutique in Chicago's fashionable Lincoln Park neighborhood, where she picked out not one pair of pricey specs, but two! Now I know she will always have high expectations, and we'll need a healthy budget, for eyeglasses. Fortunately, her phlegmatic side makes her content to keep her glasses for a long time.

Fear can make melancholies under-perform in their work, since they are hesitant to ask for much of a salary when interviewing for a new job. Their self-doubt makes them fear missing out on the job if they ask for too much. Their sense of altruism may also impact career decisions. A martyr mindset, feeling the need to suffer for their cause, may lead them to low-paid work that is aligned with their values.

Melancholy pros/cons and what to do. Your natural desire to use a budget gives you and your spouse a huge financial advantage. Your main watch out is a tendency to succumb to fear. It can hold you back in your career as you strive for too little, and it can lead you to be overly cautious as an investor. Take encouragement from Scripture, where the most frequent command is "Do not fear." Then practice overcoming fear in low-risk settings, such as working up the nerve to ask a waiter for a better table as he walks you to a high-traffic table near the kitchen door. Getting some wins under your belt will prepare you to make scarier requests such as asking for a raise.

Bonus Idea. Want to buy a melancholy spouse a great gift? Choose something that appeals to your mate's aesthetic sensibilities, such as tickets to a concert or play.

How About You?

Were each of you able to identify your primary and secondary temperaments? Spend some time discussing how you see your temperaments impacting your views and uses of money, and then talk about how your temperaments may complement each other in dealing with money, and also how they may collide. Remember, temperaments don't change, but they can be managed by doing some of the things discussed in this chapter.

ⁱ David Keirse, *Please Understand Me II* (Del Mar, CA: Prometheus Nemesis Book Company, 1998), 2, 26.

ⁱⁱ Used with permission from Jerry (and Ramona) Tuma, *Smart Money* (Sisters, OR: Multnomah Books, 1994), 30-31.

ⁱⁱⁱ For a more detailed understanding of how temperament impacts your view and use of money, read Jerry and Ramona Tuma's excellent book, *Smart Money*, referenced above.

^{iv} Maureen Farrell, "Surviving a Workaholic Spouse," *Forbes.com*, December 20, 2009, <http://abcnews.go.com/Business/surviving-workaholic-spouse/story?id=9355694>.

^v Nightly Business Report, "What's Your Investment Temperament?" *PBS.org*, http://www.pbs.org/nbr/site/features/special/subdir/mind_and_money_resource_temperament/.