Financial Peace, Spiritual Peace, or Falling to Pieces: The Church, Dave Ramsey, and Financial Literacy

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Abstract

Financially illiterate Christians often fall into the trap of paying excessive amounts of money to financial gurus, especially to ones who unethically equate their brand of advice to good and biblical stewardship. These financial gurus have convinced many Christians that they are walking closer to God if they follow a strict budget and stay out of debt. As a result, Christians are using some of their disposable income to learn how to be better off financially, and believe that taking the advice through an often church-sponsored program, like Dave Ramsey's Financial Peace University, puts them in a better place spiritually. In reality, these elementary financial disciplines can be learned at minimal or no cost, and certainly without God's or the church's endorsement. I will be specifically looking at churches who promote this brand of advice as a part of a spiritual curriculum. My task is to disassociate Dave Ramsey's teaching from spiritual betterment, mention and discuss possible ethical and theological ramifications of including fee-for-service financial classes in church curricula, make the case for the importance of financial literacy, and suggest solutions regarding the use of financial planners for financially illiterate people.

According to a survey conducted by the Financial Industry Regulatory Authority Investor Education Foundation (2015), four out of five Americans are considered financially illiterate. This means that four out of five people living in this developed nation do not have sufficient knowledge their own incomes and expenses in order to properly budget their resources. It is no surprise, therefore, that stewardship of resources, especially financial, is a pressing need observed by the church. In response to this apparent need, churches across America have begun to integrate weekly classes in management of one's resources. More often than not, these programs are promoted under the "Financial Peace University" brand, the work of real estate mogul and radio personality Dave Ramsey. The justification for allowing a profit seeking program to become a part of weekly instruction in the church is that financial peace is equitable to spiritual peace. However, there are ethical ramifications to be considered. Critics and traditionalists believe that including a profit seeking program to weekly teaching is a form of marketing the church and Christ's message. Church leaders, then, in turn, must consider the curriculum of the church's program as it lines up with the teachings of Christ, the spiritual well-being of the congregation, and the task of outreach to the community as lined out in the Great Commission. Additionally, teachers in the church often find that their message of tithing as the only financial demand God has made for His people challenged by some of the ideas of the Financial Peace University. If the church decides that the Ramsey approach is not the most appropriate, they must then ask how else they should promote financial literacy in the church, and if it is even the responsibility of the church at all. Considering all of the complexities involved, it becomes evident that there is a more biblically sound and less controversial method to improving financial literacy for the church. In an effort to promote truly biblical financial stewardship, churches should not include fee-for-service programs that are unethically branded as "Christian", such as Dave Ramsay's Financial Peace University. These programs often manipulate followers into paying a significant fee for teaching that is fundamental financial knowledge and easily teachable for free as a part of weekly teaching in the church.

A solution put forth by a man of faith who has observed this pressing need is Financial Peace University, the brainchild of Dave Ramsey. Financial Peace University is a seven step program that teaches the basics of financial literacy- budgeting, saving, and paying debt- through faith-based reasoning. Ramsey's (2007) best-selling book, *Total Money Makeover*, has sold more than five million copies, each at seventeen dollars, since its publication, according to Ramsey's website. The book mentions retirement planning in passing, utilizing just two of the thirteen chapters for investing and retirement advice, but mostly centers around the idea of managing resources on a monthly basis, so that there is a little left over at the end of the month. The fundamental ideas of financial literacy are so simple, in fact, that these profit-seeking companies have to do no more work than to create simple, gimmick type budget systems. Dave Ramsey's envelope budget system is a fantastic example of these simple systems. While this is certainly good business for the companies providing the financial services, it makes the situation much worse for the purchaser, who, more than likely, just spent money they did not have on something they cannot afford. Furthermore, the training that financial advisors receive is best suited to work on determining the best investments at the proper risk level for clients who have money to invest, not to teach them how to not overspend their paycheck on non-essentials. With nowhere else to turn, financially illiterate adults often continue through life scraping by paycheck to paycheck, or fork over the money to the deceptive service and advice providers. Unable to pay debts, they often are denied mortgages, declined at job interviews due to less than impressive credit, and lack the resources to enjoy recreational activities with savings. With the odds so highly stacked against them, these adults end up often not planning for retirement, for education for their children, or for charitable giving in the later stages of their life, and feel they are inadequate in the world of finance until death. All the while, Dave Ramsey and other self-help and budgeting companies profit at extremely high margins, and profit they do. Dave Ramsey's financial counseling company has garnered Ramsey a roughly fifty-five-million-dollar net worth according to multiple sources. It is also no surprise that Ramsey is successful when observing that most churches in America promote his programs. While these programs may not be helpful for young adults, their benefactors are certainly well off.

Churches across America have seen the problem at hand and decided to do become a part of the solution. With seemingly no intentions of malpractice, church leaders in all denominations have drawn strong connecting ties between financial peace and spiritual peace, and who else to represent financial peace than the author of Financial Peace University itself. The response of churches in America to the alarming rates of financial illiteracy has been to integrate financial teaching into the weekly spiritual teaching, often even taking the place of common Bible study or life group time slots. The rationale is that people must realize financial peace to make spiritual peace more attainable, given that the soul has less to worry about when finances are adequately accounted for and budgeted. Churches have accepted this solution with such vigor and with so little hesitation that it would be a challenge to find a well-established, yet millennial focused church that does not include a year-long financial planning seminar as part of weekly teaching. Many churches are even taking the point to a theological level. In an article in U.S. News and World Report titled "Churches Are Preaching a New Gospel: Stay Out of Debt," Todd Monroe (2008), director of pastoral care at the innovative Mars Hill Bible Church makes the claim "Our belief is that there are a lot of different oppressions in our society," but, to he and his church, “none is greater than debt and financial oppression when it comes to the lower middle class. Maybe even the middle class” (p. 67) While there are certainly many societal pressures on Christians, financial management is one of the most detrimental, yet one of the easiest to fix, given that the learner is willing to make a change in lifestyle. It is no surprise, therefore, that church leadership see financial peace and stewardship as a way to improve the spirituality of the congregation in a way that is tangible and measurable but also significant in the eyes of God.

In fact, church leaders see financial literacy programs in church teachings as a missionary outreach, and programs such as Financial Peace University offer for them chance to carry out Christ’s Great Commission, and utilize the idea of financial emancipation to suggest emancipation from sin to non-Christians. “Churches are Preaching a New Gospel” (Wolgemuth, 2008) highlights the outreach potential of programs such as Financial Peace University. The article makes note of a debt consultation program that the previously mentioned Mars Hill church is in the process of launching. The program would employ debt specialists to help with “answering questions about some of the more tricky ways to get out of debt, such as declaring bankruptcy or taking out debt consolidation loans” (p. 67). This program, along with the Financial Peace program would not exist independent of the church or its teaching, but be open to believer and non-believer alike in hopes that non-believers would see the transformation of their financial life and then associate the church with better spiritual life as well. To many, this sounds like the loathsome “prosperity gospel” that has gained much traction in recent decades. The distinction is this: prosperity gospel rewards the faithful with financial affluence, with faith being the cause and financial peace being the result. The Dave Ramsey approach flips the script, with financial peace as the cause and assumed closeness to God as the result. With that distinction in mind, church leaders have no problem with pushing the significance of financial literacy to the congregation and the world.

The move toward integrating finances in the church is surprising to many traditional Christians. With the notable exception of a quarterly tithing sermon, discussing finances from the pulpit or in the Sunday School class room has historically been considered more taboo than even messages concerning sexual immorality and pornography. While the church's appealing purpose is to be a community of believers who grow in Christ together, most church leaders, especially administration, are concerned with maintenance of worship attendance. The unfortunate result is that preachers are hesitant to make mention of topics that will call for a tangible, difficult alteration in the lives of church members. This was the plight of Reverend James Meeks, Senior Minister of Salem Baptist Church in Chicago. He realized the messages he was bringing to the pulpit were not covering a still existing great spiritual need. He began to notice that a shockingly large percentage of his church's prayer requests were centered around financial despair. From this realization, Rev. Meeks decided to take the risk of integrating finances in his sermons. According to an article written in *Time's* "Money" publication by Amy Dockser Marcus and Brian Velenchenko (2001), Christ's parable of the talents was a favorite topic of Meeks' sermons. Meeks was quoted as saying "I realized that Jesus talks more about money in the Bible than about heaven" (p. 98) when asked why he decided to begin preaching on the topic. The program implemented at Salem Baptist is not much different than that of Dave Ramsey's, suggesting that financial peace generates spiritual peace. With further implementation, Meeks believes that the financial and spiritual well-being of his congregation will be above and beyond any other in his heavily urban community. For him, this is the ultimate solution; responsible stewardship is key to faith. While this approach primarily ignores the possible theological issues accompanying preaching financial literacy, it does appear successful from a strictly practical standpoint. Trusting God with one's finances is trusting God with all things.

To some, this would be the solution. Budgeting gimmicks and whispers of closer relationship to God solve all problems associated with finances. This is, however, far from reality. There are both ethical and doctrinal ramifications that accompany marketing spirituality that will likely split the church or leave the congregation stagnant in their relationship with God. Even if the church avoids the divisiveness of selling a product or service in the church, branding it as "more Christian," it is more than likely that the purchaser will not make the necessary changes in lifestyle required for the programs to work at the desired efficiency or to any success at all. If these problems are not enough to discourage the church members from implementing such programs, there also exists the theory that Dave Ramsey's Financial Peace is not as simple as it appears externally, and even fails those who follow it line by line. Church leaders then must wrestle with the question of if the financial health of the congregation is of any concern to the church. These issues, along with others, muddy the waters when it comes to how and if measures to improve financial literacy should be implemented as a part of weekly spiritual teaching.

Churches have long struggled with the marketing of Christ and the church. The struggle is usually centered around finding the balance between making the church and Christ attractive to non-believers and still accurately representing the essence and body of Christ. In fact, relationships between the twentieth century church in America and the corporate, capitalist mindset of the young nation were tense to say the least. Oliver Williams, C.S.C. (1984) points this out as a part of his paper "Who Cast the First Stone?," a study in church and business relationships. Williams begins the paper stating that the church has "always criticized those parts of society they find lacking in virtue; they look at 'what is' to point out 'what might be'" (p.

151). Religious leaders considered themselves superior in the fact that their “product” of Christ did not have to be realized through smart investing and trading, and available to all people regardless of income. As true as that is, it does not answer the question of marketing the church itself, but would suggest that these church leaders self-righteously did the very thing they looked down upon the secular world for doing. This hypocrisy is certainly not limited to church leadership in recent years. There have been numerous instances in which the meddlesomeness of the church has blotted out the name of God in society. None may be more popular or so divisive than that of the selling of indulgences in the Catholic church, which Martin Luther famously objected, sparking the Reformation. In his book, *The Ninety-Five Theses*, Timothy Wengert (2015) points out that the role of the indulgence was not only a mere purchase of pardon, but a *sacrum negotium*, or a holy business. The profits of the sales were publicly announced to build St. Peter’s Basilica, but in reality, were used to pay a debt owed to the Fuggers banking family, incurred by an Archbishop in the church. Examining the story of the indulgence through the lens of the fee-for-service nature of Dave Ramsey’s products and services brings to light significant similarities. That is, they are branded in such a way as to convince the consumer that there is spiritual benefit to buying a product. All of this is to say that while the church has historically taken a “holier than thou” stance on ethical grounds, they are not above reproach when it comes to making ethical decisions. While Ramsey’s program is not advertised to be quite as necessary in regard to sanctification as indulgences were to sixteenth century Christians, there is a common thread of purchasing rather than practicing spiritual improvement.

Dave Ramsey and his company at the very least do nothing to dispute the idea that their program is superior because it is sprinkled with inspiring proverbs and parables from the Bible, and, at extremes, even use this fact as a selling point. All of Ramsey’s main points (seven baby steps) in the Financial Peace University are paired with a relevant but usually out of context verse of the Bible. In her article titled "Jesus Saves, You Invest" for the U.S. News and World Report, Katia Hetter (1998) points out that the solutions offered through Ramsey's Financial Peace University are "hardly blasphemous to the secular financial world…But it's the biblical backup that grabs the audience" (p. 70). This should be concerning to consumers of Dave Ramsey's advice. The information is no different, but due to the weight that "Christian" advice bears for many in America, he is immensely more successful than any of his peers. The idea of financial peace being rooted in Christ's teaching may be the selling point of Ramsey's products and services, but the reason they are successful have nothing to do with the fact that it is approved by God. Rather, much like many other marketing strategies, the promotion sways the audience with endorsements. To Christians, God's endorsement is more convincing than any other. It is not a coincidence that Dave Ramsey is the third most listened to radio personality in America, while Suze Orman, also considered one of our times' most influential financial gurus, and who certainly does not appeal to the majority of religious audiences, is not found anywhere on any top one hundred radio personality lists. Christians seeking a deeper relationship with God, especially those who seem to be at the end of their rope financially, will throw what little money they have at nearly anything branded as having spiritual benefits. Most millennial Christians will have no trouble condemning a televangelist for selling a twenty-dollar bottle of "holy water" but will then turn around and pay the Lampo Group, Dave Ramsey's limited liability company, a comparable dollar amount in an effort save that money and for a closer relationship to God through more Christian stewardship.

Beyond these ethical considerations, church leaders, must also wrestle with doctrine, or how God instructs his followers to control money. As stated previously, the issue is often so taboo in the comfort of church that, outside of the occasional message on tithing, sermons on the topic of giving are often vague and informational rather than instructional. Church leaders know quite well that asking a congregation to reform their spending habits might as well be asking them to sit in a different pew on Sunday morning. Issues like borrowing and lending at an interest rate appear to be forbidden in Pentateuch law, but like many other Ancient Jewish laws, modern Christians don't quite know what to do with them. In "Does Finance Have A Soul?," Antoine de Satins (1998) describes the two risks associated with reconciling finances with God. First, he mentions the risk of corruption, which exists on two levels, first that of bribery, and second, the "structure of sin" financial gain seems to facilitate (p.18). The second risk is that of "disintegration of economic goals" and the lack of morality that leads to the disintegration (p. 18). The love of money ultimately leads individuals who are working toward a common goal to occasionally set their moral standards aside to realize financial gain, putting the rest of the team in a worse situation than before. However, realizing financial gain while disregarding others with whom you work seems to run counter to the message and nature of the Christ, that being that he came not into the world to be served but to serve. It even seems to resonate with those who have read Christ's words "the first shall be last and the last shall be first" in the Gospel of Matthew. It is no wonder, considering all of these conflicting theologies and solutions, and paired with anxiety to discuss them with the audience of the congregation, that church leaders have not reached agreement on a set of standards for the teaching of finances in the church. Church leaders often find themselves with more questions than answers after looking at biblical solutions to the personal finance problem, and, for the sake of comfort, often push the idea aside as an irreconcilable one, and claim that it is not the church's job to care for the financial plight of followers.

If the church leaders are still convinced that the church is best serving God and its congregation by providing fee-for-service programs, then the next logical question should be in regards to the functionality of the program. The short answer is not always. Sometimes the failure comes from a lack of discipline on the member's part to not budget how they need to. The most severe problem with financial literacy in America is not that it is so rare or that it exists so sparingly, but that the people with less of it seem to think that they have more of it, and are consequently less likely to do anything about it. This overconfidence, as it is referred to by Nilton Porto and Jing Jian Xiao (2016) in "Financial Literacy Overconfidence and Financial Advice Seeking", is detrimental to someone trying desperately to get their finances back on track.

> "While confidence is a desirable trait for task completion, overconfidence is not…When overconfidence is present, households might fail to perform optimal financial behaviors such as seeking financial advice since they overestimate their abilities and knowledge. This bias, in turn, can lead to the illusion of control, preventing households from taking precautionary action in their financial lives" (p. 79)

This suggests yet another detrimental and vicious cycle in which people who have made poor financial decisions make yet another poor financial decision to cover for the prior one, and never really catch up with themselves. The overconfidence seems to be without bounds, and with no apparent roots, so solving the problem at its core would require change down to the basic level of financial knowledge, and not necessarily a seven step, budget gimmick based program that is taught in a dozen or so hours. The solution, according to Porto and Xiao, is "mandated financial education or advice”. It requires a change in how people see their money and its significance in their everyday life.

If people are not willing to make the necessary changes in their financial behavior to compensate or correct their overconfidence, some would suggest that it is best to turn over all financial decision making to a knowledgeable financial planner. While this personalized approach is better suited for the consumer than the mass produced, generic information provided in a Financial Peace University course, there are still significant drawbacks. Besides the contradiction of paying someone to save or earn you money, there are a few other reasons why it may not be of best practice to hire out financial decisions. A financial planner is not a bad tool, especially if the consumer is wealthy and anxious about the nature of investments. However, it cannot take the place of financial knowledge in that a strong planner-client relationship is based on trust and a mutual understanding of goals. In his work “The Personal Financial Knowledge Conundrum” for the *Journal of Financial Service Providers*, Cliff Robb (2014), Professor of Personal Financial Planning at Kansas State University stresses the harmony in financial goals, makes the assertion “A certain degree of knowledge or understanding is necessary to ensure that individuals are able to ask the right questions and know what to look for in a planner” (p. 71). This is to say that there is no “pass” when it comes to insufficient financial literacy if the consumer truly wants to do all they can to balance their budget, get out of debt, or even put some away for a rainy day. A relationship between client and planner without a basis of financial literacy on the consumer’s part, as well as knowledge of the ultimate goals of the consumer on the planner’s part will likely yield fewer and smaller returns on investments, and more headaches and hostility for both parties.

This idea of mutual knowledge, in turn, redefines what exactly a financial planner is to a consumer. It is not the task of the planner to decide what is to be accomplished, but to sort out avenues for realization of the goals laid out by the client. To Cliff Robb (2014), the redefined role of a financial advisor looks a lot like a mentor, someone who will, in his own words, "play a pivotal role by helping their own clients in the process of realistic self-evaluation" (p. 72). This is especially apparent in *I Hate Financial Planning: A Guide for People Who Love Money but Hate Planning* by Suzanne Olson. Olson (2004) utilizes one or arguably two of the chapters in her twelve-chapter book to discuss goals and elementary foundations of financial literacy. The rest of the book focuses on suggesting real-life strategies and other resources to look into to realize financial goals. She makes the necessary assumption that the reader has the desire and the tools to set a goal, but may need help making it come true. The most efficient use of a financial planner is not to suggest goals, but to suggest the nitty-gritty details and procedures to ensure the best possibilities of achieving the goals set by the consumer. This is far from the cookie cutter message of Ramsey's program. His mass-produced process looks at overall goals that each person should strive for, while foregoing the customization necessary for a robust and complete financial plan

Until this point, there has been an assumption that what Financial Peace University teaches is not only blameless in God's eyes, but also blameless in the eyes of the economists. The unfortunate reality is that while Ramsey's teaching, products, and services are all based in the Holy Scriptures of Christianity, they are certainly not above reproach to all investment specialists or personal financial advisors completely. However, because consumers consider the information good enough for the church, there is no need for further research, and these consumers will spend a significant amount of money on the book or a subscription to the program without having done much if any research at all. Perhaps this says something about the blind faith that Christians will put in a few people making decisions for the congregation. Economists and journalists, however, have taken it upon themselves to look at what exactly Dave Ramsey suggests the financially illiterate do to realize the financial peace he appears to offer. They have, for the most part, found that his advice is best paired with the label “results not typical.” Almost all critics find no real problems with his budgeting and savings techniques, which is unsurprising, considering the fact that there are only two variables, incomes and expenses, to contend with. The real issue for many of Ramsey’s critics come from the last four of his seven baby steps, which all deal with investment and retirement. This is evident in Felix Salmon and Susie Poppick’s (2013) article titled “Save Like Dave, Just Don’t Invest Like Him” for *Time’s* “Money” publication. In the article, the authors pick apart his inflated numbers and unrealistic return potential figures, especially his often disputed “12% Reality” on stocks. Dave’s books and programs fill the hearts of followers with unrealistic hope in 12% returns across the entirety of the stock market on average, but Salmon and Poppick disprove the claim. “Correctly calculated, the long-term return on stocks since 1926 is closer to 10%—before taking out mutual fund fees and front-end sales costs. And if you follow Ramsey, you're likely to pay sales charges” (p. 72). The article also rejects a number of Ramsey’s tips, including investing solely in stocks and no bonds, and allowing a quarter of one’s investment budget to be used in “aggressive-growth funds”, a term that will make some financial advisors shudder. All of this is to say that while his savings advice may be sound, experts in the fields of economics and finance wouldn’t heed his advice if it were free. It would seem, therefore, that a much less aggressive approach may be appropriate for consumers struggling to stay afloat and just put away a small amount for the future.

While there is no apparent way to address the theological issue, there is a solution to the moral and ethical problem of marketing the church. In order to see the solution, it will be beneficial to revisit the story of Reverend Meeks at Salem Baptist Church in Chicago. Meeks, the reader will recall, is the pastor who was faced with the issue that nearly all churches encounter; despair on account of financial illiteracy. Rather than charge the congregation a significant and likely scarcely available fee for the popular Financial Peace University, Meeks decided to make the uncomfortable move to integrate the financial literacy teaching into the pulpit sermons. He admits that it is tense and difficult at times to stand on stage and discuss such a taboo topic. The important point that the article makes is that the financial messages have changed the congregation for the better. The distinction that sets Meeks' messages, along with many others' apart is that they are given free of charge and without stipulation.

There is no question that church leaders have the best interest of the congregation at heart when making decisions. Financial literacy is included in weekly teaching because leadership sees a need in the world that they can do something about, but struggle with the cost of doing so. The solution employed by Reverend Meeks is feasible financially but hardly theologically satisfactory. Whether the church believes that financial improvement of the masses is their own task or not, the fact remains that something must be done to end the vicious cycle of spending money to find ways to make ends meet financially. The issue with Ramsey's program is not that it is unsuccessful in creating a budget, but that there is something wrong, not only the eyes of God, but also the eyes of the world, in charging a fee to someone to help get back on track financially. Church leaders must make the distinction between marketing the church, utilizing the weight that the church carries in society to make itself more attractive and marketable, and doing as Christ called them to do in the final chapter of the Gospel of Matthew; the Great Commission. That is, to spread the Good News of Christ to all nations, regardless of financial literacy.

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