

God, Man, & MAMMON

Navigating the tension between
the material and the spiritual

Chapter 12



with
Mitch
Anthony

IN THIS CHAPTER

MONEY'S LITTLE WHITE LIES

Money may lead us to believe that we are safe and secure in its shadow. But a closer examination of these terms reveals such promises to be only illusions.



MONEY'S LITTLE WHITE LIES

In the last chapter I mentioned that there is an intractable problem with the promises money makes—it cannot deliver on most of them. Let us now examine money's little white lies:

Money Promise #1: "You'll Be Safe."

Safety defined:

- *"Protection from or non-exposure to the risk of harm or injury."*
- *"A place or situation where harm, damage, or loss is unlikely."*

Finding a place where harm, damage or loss is unlikely is not possible on this planet. With sufficient funds you can erect an impenetrable fortress and buy the most advanced security equipment but that is the extent of the protection money can purchase. This world, by definition, is a place where harm, damage, and loss are not only likely, it is guaranteed. Who traverses from womb to tomb without harm, damage or loss? *"Protection from and non-exposure to the risk of harm or injury"* is the pretext for every insurance sale.

Say an individual had possessed the foresight to purchase flood insurance (less than 2% of people in flood plains do) before a flood came. Then, and only then, would they have the means to rebuild. But even with their flood insurance, they will have lost much. Being recompensed brings a limited degree of amelioration. Consolation does not constitute protection from the crisis itself. There is no real protection from loss. You will have lost your home and many precious tokens and mementos. You will have lost the familiar atmosphere and the adjacent echoes of significant moments. The insurance company can't replace the birthday cards the kids made for you when they were young. Having money to rebuild is not the same as having what mattered.

Certainly, there is a palpable degree of safety in having health insurance when ill or threatened with adverse symptoms. Long-term care insurance will bring a margin of safety when a long convalescence seems imminent. There is safety in having a regular

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paycheck and a stream of income we can count upon. But with all earthly provisions, this margin of safety has limits.

There is a degree of safety in having money in the bank, but when confronted with the vicissitudes of life that safety may prove to be vaporous. How safe can we be? If I have \$5 million in the bank, could I wake up tomorrow and get sued for \$10 million? If I have the best insurances but find out tomorrow, I don't have a job, my benefits disappear. If I retire with pension benefits and my former company files Chapter 11 to protect their corporate interest, my protection burns up in the ashes of their action.

Consider the *money/safety myth*. It is rich in irony. The more money you have, the more of a target you become for the greedy, the criminally inclined, the embezzler, the litigious deceiver. How much does Bill Gates have to spend to protect his family and possessions? Would Charles Lindbergh have traded in all his fame and fortune to have his baby back?



Riches can create a bubble of self-contentment that doesn't get popped until tragedy visits or the riches disappear. If we depend on riches for our internal sense of safety and satisfaction, they will be no help to us in the day of sorrow—on the day where we must deal with “real life.” I have a friend who lost her home in a flood. The damages required more to repair than the home was worth. She owed the bank enough to make the situation untenable for her. She was forced to grieve the loss and move into an apartment. Her daughter was forced to delay her college education. It took a few years, but they eventually got their lives back on track. All the money in the world cannot console one who must grieve when confronted with the loss of someone or something precious. Money's promise of safety is a sham. What can we do? We can pray for God's protection. We can avoid unnecessary risks. We can learn to live with what comes.

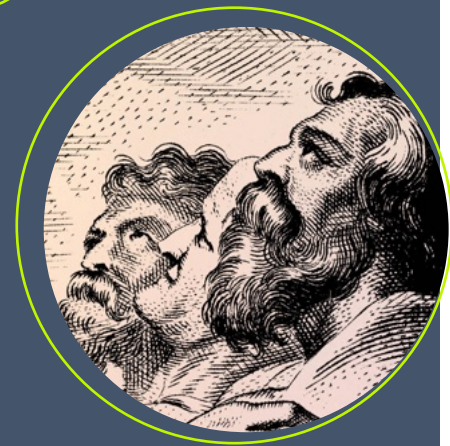
Money promise #2: “You'll be Secure.”

Security defined:

- “the state or feeling of being safe and protected.”
- “the assurance that something of value will not be taken away.”

Every financial professional knows that investment returns operate on a risk/reward continuum. The more risk you are willing to

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tolerate, the more return you can potentially reap. If you cannot stomach risk, then you must learn to be satisfied with smaller, more marginal returns. There is no escaping this fundamental principle of growing money. Occasionally, wanting to believe an illusion to the contrary, people will fall prey to “can’t miss,” “ground floor,” and “no risk” pitches from con artists, opportunists and the sincerely misguided. They find out later that the risk/return rule does not bend to fascination.

Money’s treble hook is the idea that money will give us security, as in *a feeling of being protected*. But what investment is truly *safe*? For an investment to be legitimate there must be some asset backing it. This asset, no matter what it may be, is subject to varying degrees of vulnerability. These degrees of vulnerability are the factors that we refer to as risk. Every asset is at risk because everything we touch is vulnerable to happenstance and calamity, not to mention the whims and flaws of human manipulation. For example:

A house can burn down because of faulty wiring;

Tenants can leave an office building in a down economy;

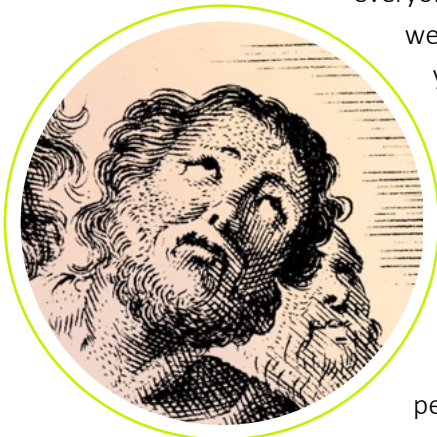
The government will insure your savings only up to 250k;

Stocks are only as good as the current leadership in the company and the competitive edge they currently hold in the market... both are transitory at best.

Bonds and insurance policies are only as solvent as the companies, cities, counties, states, or nations that they underwrite.

Retirement plans are only as stable as the firms underwriting them and insurance is only as stable as the insurer.

Everything and everybody are exposed to risk. In the CDO (collateralized debt obligation) meltdown of 2007/2008, financial companies told their clients that their money market funds (which everyone assumed to be perfectly safe) were invested in “cash equivalents.” If you consider overpriced homes bought by short-term speculators in Las Vegas who quickly filed bankruptcy when the market turned against them to be a *cash equivalent*, then I guess we had all the security we needed. There was one other crucial aspect that most people forgot to factor into this



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particular investment scenario—*People lie*. Especially where money is involved. The loan applicants lied. The banks lied. The investment firms lied, and the ratings agencies lied. There are other human aspects beside lying that come into play and lead to greater degrees of risk as well:

People are greedy.

People jump on financial bandwagons that are headed for cliffs.

People do stupid things with money.

People demonstrate these tendencies over and over.

Take all the security you can from these facts, especially when we factor in the people that are watching over our assets. We are obliged to do extensive due diligence and pray for wisdom when entrusting our assets to another human being. John tells us that “Jesus did not trust himself to them...He knew what was in their hearts” (John 2:24-25). Personal godliness and a pure professional record should be the baseline for trusting another human being with our assets. You can go online and check the professional record of the person(s) or companies you are trusting with your assets. It is amazing to see how much money people invest into the hands of those with rank records next to their names.



www.finra.org/Investors/ToolsCalculators/BrokerCheck/

The small margin of safety that money can afford is possible only when we work with trustworthy individuals.

Blessed Assurance?

Security is also defined as, *“The assurance that something will not be taken away”*

But how much safety does the average, salaried worker in America experience? How much safety do you feel? If you do feel safe and assured where you are, you are one of the lucky few.

The deceit of “money providing security” is exposed clearly in the corporate work force. We use the oxymoron *job security* to describe the level of insulation we feel we have from the big bad wolf huffing and puffing and blowing our financial house down. But if you work

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for the typical major corporation, you are working *for* the big bad wolf. And the big bad wolf is not really concerned about your security. He is only concerned about security for his big bad wolf-self (and maybe a few of his baby wolves).

The big bad wolf will promise you anything as long as you will bring him quarry to eat. But what do we do when the wolf's appetite becomes ravenous and irrational? How much security can we take from the everyday reality of the quarterly reporting corporation and from our understanding of human nature? One of the great gambles in our working life is trusting short-term thinkers who have irrational appetites for profit, people who will indiscriminately wipe out a thousand jobs if it puts a few million dollars in their own pockets.

Corporate promises are true, until they are no longer true. We often mistake good intentions or reassuring talk coming from corporate leaders with soundness and security. Ask an airline pilot who flew for 30 years with the promise that they would receive a full pension and comprehensive health coverage in retirement, but today exists on a pension that is 1/3 of what they were promised, and without the health coverage. A pension is a long-term promise. If the economy changes or a leader turns out to be stupid, opportunistic, or greedy, the rules change. The promise is now amended. So, ask yourself what these promises are worth. Earthly promises, by and large, are worth little more than the paper they are written on.

Corporate promises are worth no more than the best intentions of that particular moment. The greedy have a never-ending encyclopedia of rationale for changing the rules and rendering promises null and void. They employ entire legal departments exclusively for this purpose. They are skilled at providing the appearance of assurance without providing the necessary substance. Even if those pilots had been given what they were promised, how much security do they have against sabotaging scenarios manifesting in the future or against inflationary costs eroding the value of the money they are receiving?

I have chosen the entrepreneur's path because I have ideas, and I want to pursue them in the way I want to pursue them. People used to say to me, "Wow, that sounds like a lot of risk." I would look at the leaders or the track record of the companies that they were counting on for their employment security and think, "No, *that* sounds like a lot of risk." Security is based on trusting someone to fulfill a promise. Who, besides God, are you willing to extend that degree of faith?

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