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How to respond when your family asks for money - My story

Almost four years ago I wrote an article that has had a profound impact on my readers. Since the beginning it has consistently been the most read – and most commented on article in my career. While I did spend a lot of thought, time, and effort writing the article, never in my wildest dreams did I think it would have such a deep impact.

And for that I'm grateful.

Recently a mentor asked me "why don't you feature this as a centerpiece on your blog." Hmm...that is a fantastic question, one that I should have asked myself long ago.

My story

I wasn't always financially wise. In fact, I was pretty much a moron when it came to my finances. Floating checks to make it until payday was a regular practice. Pay my bills on time...come on, I'd rather spend my money on toys.

And so I bought a car I couldn't afford. No, it wasn't extravagant, but since I was about to be deployed to Hawaii (and wouldn't be taking it with me), it was a massive mistake.

Unfortunately for me a solution appeared. It just so happened that my sister needed a car, and I needed to sell my car. She had bad credit and couldn't get a loan, but since my parents agreed to back the loan, we made an agreement. I would keep the loan. She paid me (and I paid the bank) every month. At the end of the loan she would have owned the car.

What could go wrong?

Oh, those famous last words!

It went well for a few months. Payments came in on time. My sister had a good job so money wasn't an issue.

Then it all came apart

After about 9 months the checks stopped coming. Why? Because my sister was in a minor car crash and couldn't work any longer. Oh, she wasn't hurt that badly, she just wanted the settlement and it looked more serious if she couldn't work.

Hey, my parents are backing the loan, no worries....

One of the reasons I agreed to sell my car was that my parents backed the loan. The only problem was that they never paid. Seriously, over two years we received three payments, and a whole lot of excuses.

Let's flesh out the story

What made matters worse was that we were broke. Seriously broke. I was a junior sailor in the navy and recently married. We made so little that we were almost eligible for food stamps. On top of this we were burdened with two car loans for cars we didn't possess (long story).

In other words, we couldn't afford to pay two car loans and still pay for the basic necessities.

On the other hand, my parents could. Don't get me wrong, they weren't rich, but my dad had a great job and

made a lot of money. I knew he was packing away 25% + of his income.

While the \$150 per month was a major issue for my wife and I, it was chump change to my parents.

Then the problems began

Month after month we called asking to be paid. Every month we got the same story: I sent you the check.

The calls got more and more contentious. Our relationship eroded. The end result was that we had to repossess the car. Talk about uncomfortable!

The experience permanently damaged my relationship with my family. Even after two decades it is broken, and it has come between myself and every member of my family.

On the flip side, it has given me a unique perspective and a world class education. It has pushed my wife and I to be truly independent.

The lesson

First, I learned to never loan money to family. Why? The downside was too great. Seriously, it tore apart our family. My kids never got to know their grandparents.

It cost us way too much.

There was minimal upside. It may have been a pain in the butt to ship my car, but it would have cost me nothing. I also would have had a car which would have made my life easier in Hawaii.

And it wasn't a loan I could afford. Sure, as long as my sister was paying on time things were ok. The problem was that I couldn't cover the downside. Put another way, it put a \$5k strain on our marriage at a time we could not afford it.

You can also find this article published on [How to respond when your family asks for money - My story](#), and on the tag pages [how to respond when your family asks for money](#).