

YOUR MONEY AND YOUR EMOTIONS



While it may seem that managing your money well is a matter of knowledge and rational thinking, understanding your emotional relationship with money is often more important. Just as with any important relationship in your life, your relationship with money can bring out strong emotions, and your emotions, whether you're aware of them or not, can drive your behavior. No one is entirely rational when it comes to money.

WHERE DO THE EMOTIONS RELATED TO MONEY COME FROM?

For most people, emotions related to money stem from their experiences as children. These may include

- » How your parents handled and talked (or didn't talk) about money
- » Whether you experienced money as a source of stress and instability or of comfort and stability
- » Whether having wealth was seen as positive trait or a sign of greed

- » How your household's wealth or lack of wealth compared to those of your peers, or the expectations set by advertising and other media influences

Those emotional responses can be intensified or shifted by experiences later in life, such as a disturbing financial setback or significant financial success. Some people feel internal pressure, as adults, to act in opposition to the attitudes toward money they observed as children.

HOW TO DEAL WITH MONEY-RELATED EMOTIONS FOR GREATER FINANCIAL WELLBEING

Emotions are not a bad thing. They are an important part of who you are. The key to dealing with emotions related to money is to recognize them and use them to your advantage, rather than letting them drive your actions:

LEARN TO RECOGNIZE YOUR EMOTIONS RELATED TO MONEY. Notice how money makes you feel and how your feelings can drive your behavior with money. What emotions do you feel when you spend money, get your paycheck, pay bills, or think about your account balances? When do your emotions lead you to spend money on things that aren't necessities? That might be when you're feeling particularly happy, sad, or stressed.

USE YOUR EMOTIONS AS CLUES TO WHAT YOU VALUE. When is the short-term pleasure of a purchase outweighed by the dismay you feel later about having spent the money, perhaps when you realize that something you value even more remains out of reach? What would you like to do or have more of if you had more money? What are you spending money on now that is less important to you? To change your spending behavior, think of giving up a lower-value (to you) expense as a step toward saving for a higher-value one.

FORGIVE YOURSELF FOR PAST MONEY MISTAKES OR LAPSES. Be kind to yourself. Accept that you aren't perfect when it comes to making financial decisions and that you don't always act in a perfectly disciplined way with your money. Nobody is perfect. Forgive yourself for what you've done in the past.

USE KNOWLEDGE TO GET PAST FEAR AND SHAME RELATED TO MONEY. Recognizing how your emotions affect your behavior with money is an important step toward self-knowledge and greater control over your finances. Understanding your financial situation is another. It can be scary to take a close look at your finances, but knowing how much you earn and spend, and what you're spending your money on, can bring relief and clarify your path toward better financial health.

DON'T LET SHAME STOP YOU FROM SEEKING FINANCIAL HELP. Try listening to podcasts about money or reading a book from the library about personal finance. Consider taking a low-cost online course about managing money, dealing with debt, or saving and investing. If you can afford it, consult with a fee-only financial planner, one who has no financial interest in steering you in a particular direction. Your employee assistance program can be another source of financial information. You'll find lots of useful money- and debt-management information on this site.