

Chapter 1

Exploring Money in Your Life

In This Chapter

- ▶ Understanding attitudes when it comes to money
- ▶ Reflecting on the messages you learned as a child
- ▶ Recognizing what obstacles stand in the way of your financial progress

Before you begin making concrete financial plans, you should explore your history with money. What messages were you taught, consciously or unconsciously, about money when you were growing up? How have these messages affected the way you make money management decisions now? If you're in a long-term relationship, what lessons did your spouse or partner learn, and how does your loved one's money history affect your financial plans together? In this chapter, I help you delve into and analyze your financial history.

Exploring Your Attitudes about Money



I'm sure you've heard people say that they're "frugal" or "good savers." However, I find these statements to be less common than "I'm a bad money manager," "I don't know how to manage money," "It's too confusing," "I'll never get ahead," or "I'll have to work 'til I drop."

Your thoughts about money influence your actions. Positive thoughts lead to positive money management behaviors. Negative thoughts lead to financial ruin.

Try to maintain a spirit of open mindedness when you think about your finances, because your thoughts become reality. For example, if you think you'll never have financial security, you may very well give up before you even begin to try. However, if you remain open to making changes in your financial habits, you're more likely to succeed. Which reality do you want? You have the opportunity now to make changes that affect your financial life forever.

Each of us, at one time or another, has experienced discomfort, stress, anxiety, or the feeling of ignorance about money. However, these attitudes and feelings change. Exploring your current attitudes about money is an important step in improving your financial education and situation.

To help you figure out your current frame of mind when it comes to money, I've included Worksheet 1-1. To use this worksheet, determine how often the statements fit you — frequently, sometimes, or never? In the blank provided, write **F** for frequently, **S** for sometimes, and **N** for never. Don't spend a lot of time mulling over the answer — just a few seconds on each question. And because your attitudes can and do change, respond to these questions as you feel right now — and go with your gut.

Worksheet 1-1**Attitudes about Money Quiz**

_____ I hate to open the mail, because all I ever receive is bills.

_____ I'll never have enough money.

_____ When I'm feeling down or bored, I go shopping.

_____ My spouse/partner/kids spend money faster than I can bring it in.

_____ I don't want my kids to go without things they want, like I had to when I was growing up.

_____ If I have cash in my wallet or purse, I'll spend it.

_____ How can I save for retirement when I can barely make ends meet now?

_____ I can't or won't be able to help my kids pay for college.

_____ In the event of a financial emergency, I don't know how I could come up with the money.

_____ My employer has a retirement plan, but I'm not participating because I can't afford to.

_____ If I want something, I buy it, even if I have to use credit.

_____ I'm not out of money until I'm out of credit.

_____ I will postpone making a purchase if I don't have the cash right now.

_____ I use a list when I shop and only buy those items on my list.

_____ My family will be financially okay if something happens to me.

_____ I expect my income to increase enough to allow me to pay off credit-card debt in the very near future.

_____ I feel stress when I think about my financial commitments.

_____ I am ashamed of my wardrobe, car, and/or home.

_____ I know how much money is in my checking account.

_____ I save every month.

_____ My parents had to "*do without*." I will not.

_____ I hope to retire by 65 or before.

_____ My income has increased steadily for years, and there is no limit to my earning potential.

_____ My lack of money makes me feel inadequate around my friends.

_____ I am the one my friends/family turn to when they need money.

_____ I have lied about money to people I care about.

_____ I'm tired of not having *enough* money all the time.

_____ I have been financially burned before (ex-spouse, financial advisor, deadbeat friend, or family member), and I won't let it happen again.

_____ I feel knowledgeable about my ability to manage money.

_____ I make minimum monthly payments on my credit-card debt.

After completing Worksheet 1-1, you should have a pretty good picture of your attitude and feelings when it comes to money. But to take it a step further, spend a few minutes writing about your current attitudes and feelings about money; see Worksheet 1-2 as an example and use the space provided in Worksheet 1-3. This exercise can help you become more thoughtful and aware of how your thoughts and attitudes toward money may have evolved and how those thoughts and attitudes are affecting your financial life today.

**Worksheet 1-2****Example Reflection**

I don't know much about money management. I feel like I ought to know, but I don't. We save a little each month, and we pay extra toward our credit-card balances each month. And I'm very happy to say that the balances are finally starting to go down. Unfortunately, I feel like I am nagging my family every time I turn around. They think I'm becoming a miser. My dad was a miser and didn't live long enough to enjoy it. My mother and I would have loved to have had a few niceties like clothes that were in fashion, a newer car, and a larger house. But my dad said we couldn't afford it. When it came to money, Dad's only communication was "No."

I don't want to turn into my dad, but I do want our family to be financially secure.

Worksheet 1-3**My Reflections**

Taking Stock of Your Financial History

Your financial history consists of the lessons and messages you heard about money while growing up. Much of what you are today you owe to your upbringing — whether good or bad. So it makes sense to reflect on the messages you received and how they may be impacting your money-management decisions today.

Your parents or primary caregivers may have been somewhat or very secretive about their personal financial situation; however, what they said and how they acted can reveal a lot.

Worksheet 1-4 helps you reveal your financial history. Check off each statement that you heard (or anything darn close to it) from a parent or primary caregiver growing up.

Worksheet 1-4 Figuring Out Your Financial History

- ☐ Money burns a hole in my pocket.
- ☐ Live for today. You never know what tomorrow will bring.
- ☐ Don't carry cash. You'll either spend it, or someone will clunk you over the head and take it.
- ☐ If you want something, you have to work very hard to get it.
- ☐ You'll never amount to anything.
- ☐ It is easier for a camel to pass through the eye of a needle than for a rich man to enter the kingdom of heaven.
- ☐ If you want something, you must be willing to sacrifice.
- ☐ You don't appreciate how hard I work to put food on the table.
- ☐ If you can't afford to pay cash for something, you shouldn't buy it.
- ☐ Neither a lender nor a borrower be.
- ☐ You can accomplish anything you desire in life.
- ☐ Women don't make as much money as men.
- ☐ Invest in yourself.
- ☐ Diamonds are a girl's best friend.
- ☐ Your mother or father can't manage money.
- ☐ Your mother or father hides or lies about purchases.
- ☐ The rich get richer on the backs of working class people like us.
- ☐ I can't afford to pursue the career of my dreams.
- ☐ If we would have only waited longer before having kids. . .
- ☐ Save it for a rainy day.

Read through the statements in Worksheet 1-4 that you checked off and spend a few minutes reflecting on the messages you heard as a child and how these messages may have affected your current attitudes and feelings about money. Ask yourself the following questions about each of your parents or primary caregivers. (You can use Worksheet 1-5 as an example if you get stuck.) Write your reflections in Worksheet 1-6.

- ✓ Were they spenders or savers? Do you know?
- ✓ Did they talk about money around you?
- ✓ Did they fight about money?
- ✓ What lessons did you learn about money from them?

Many of the messages listed in Worksheet 1-4 are somewhat or very negative belief statements. Of those that you checked, which do you find potentially negative, and what effect do you feel these messages may have had on you growing up?



Some people are hoarders, and others are overspenders. Being extreme — on either end of the spectrum — isn't healthy. Balance is key. You can't spend everything today, or you won't have anything for tomorrow. You also shouldn't put off everything you'd like to do until tomorrow because tomorrow may never come. Finding the appropriate balance with your time, energy, and money will lead to the best outcome.



Worksheet 1-5 Example Reflections on Financial Origins

Example #1:

My father was a good provider — financially speaking. Unfortunately, he wasn't home as much as I would have liked him to be because he was constantly working. I regret not having more time with him while I was growing up. I don't know whether he worked to better provide for his family, or because he felt he had to, or maybe he was just a workaholic. He grew up in a very poor family. He never felt we were saving enough.

Example #2:

My mother would like to spend more money than she does. However, my father keeps a tight grip on the purse strings in our family. I remember a few occasions when my mother bought a new dress or pair of shoes, and she hid them from my father in the back of their closet. She'd tell me, "By the time I wear them, Dad won't realize that they are new." And my father may have been too much of a hoarder. When he was growing up, his family was broke. I know he didn't want that for us.

Worksheet 1-6 Reflections on My Financial Origins

Identifying What or Who May Be Holding You Back

What unhealthy behaviors or characteristics do you feel you may have picked up from your parents or primary caregivers growing up? Using Worksheet 1-8, reflect on ways of thinking that you may have picked up and how those messages or behaviors you witnessed may be affecting you now. (If you'd like to see an example of

this type of reflection, you can check out Worksheet 1-7.) For example, do you find that you follow in your “tightwad” father’s footsteps or resent the fact that you weren’t allowed to buy things that you wanted to when you were younger and have made up for it — in spades — in your adulthood?



Worksheet 1-7 Example Reflection of Unhealthy Behaviors Learned When Growing Up

My father felt very strongly that if you want to achieve financial security you have to be willing to sacrifice time with family. He felt his job was to make money and be a good provider. I got the feeling that money was more valuable than his family. I missed my father. I wanted more time with him when I was growing up. You can’t replace that with any amount of money. I will never let that happen to my kids.

From my mother, I learned that if she wanted something but ought not to buy it, she could so long as Dad didn’t know about it. She definitely wouldn’t endorse lying, but that is exactly what I learned when it came to her relationship with my dad and money. “What he doesn’t know won’t hurt him,” she used to say. I’d like to have a more understanding, collaborative partnership with my spouse, rather than it being so one-sided as it was with my parents.

Throughout my childhood, it became apparent to me that people judge you by how much money they think you have. I care about what others think of me. But I have to really try not to spend my money on things that will impress “them.”

Worksheet 1-8 Unhealthy Behaviors Learned Growing Up

You may hold a grudge, feel taken advantage of, or have animosity toward people in your financial life. You may also have regrets about decisions you’ve made. So in addition to the messages you received growing up, what other people or issues do you feel may be keeping you from realizing your full potential financially? Use Worksheet 1-9 as a guide to get you thinking (and writing) about what or who may be holding you back from your financial goals.

Thus far, you’ve been focusing on the messages you learned growing up. In Worksheet 1-9, I’d like you to focus for a moment on other people in your life and how your relationship with them may be affected by money.

Worksheet 1-9 Who or What Is Holding You Back?**Spouse/partner (if so, how?):**

Children and family responsibilities (if so, how?):

Education and/or career (if so, how?):

Other(s) (if so, how?):

By becoming more aware of your beliefs and attitudes about money and recognizing how these beliefs influence your relationship with others and with money, you can discover who or what may be holding you back and possibly how to work through these challenging issues. The first step is awareness.

Dealing with the Subject of Money



Sharing your financial goals, objectives, quirks, and hang-ups about money with the people in your life is the best way to overcome perceived or real issues impeding your personal and your family's financial success. However, money is the last taboo subject for most people, and you likely don't talk about your personal finances with others.

Worksheet 1-11 is designed to help stimulate healthy and meaningful dialogue with your spouse/partner, kids, parents, friends, and employer. See Worksheet 1-10 for some examples to jump-start your thinking. Focus on positive, healthy interactions that you've had in the past. Where might you benefit from having these types of conversations now?



Worksheet 1-10 Example Meaningful Money Discussion

My daughter recently started her first “real” job. She asked me for advice regarding whether she should sign up for her retirement plan at work. I don’t know much about investing or retirement plans. However, I do know that I regret not participating in my employer’s retirement plan when I first started working. Because I didn’t, I have not saved anywhere near the amount of money I should have by now. So I encouraged my daughter to start saving now. The biggest regret I have about my financial decisions is that I didn’t start saving a lot sooner. Hopefully, I have helped my daughter avoid the same mistake I made, by being open and honest with her about my mistakes and regrets. Heck, if you can learn from your mistakes and that knowledge helps someone else, all is not lost.

Worksheet 1-11 My Reflections on Meaningful Money Discussions

With your spouse or partner:

With your children:

With your parents:

With your friends:

With your employer:

With others:

Many people avoid talking about money, but trouble brews when couples or families ignore the topic. You should discuss issues, such as your desires as to what you want to do with your annual bonus or tax refund, because your spouse or partner may have very different ideas about using this money. Communication and compromise are required. Remember, you are in financial partnership with your spouse. Collaborate on your financial plans together.



You and your spouse/partner are not only romantic and domestic partners; you are also financial partners.

Using Worksheet 1-12, determine some financial discussions you may need to have — perhaps with your loved ones or even your employer. Be specific about what needs to be addressed and why.

Worksheet 1-12 Financial Discussions You Need to Have

With your spouse or life partner:

With your children:

With your parents:

With your friends:

With your employer:

With others:

Now that you have identified some key conversations that need to take place, consider how and when you should approach these people about the issues you raised. Address these issues as soon as possible. The longer you wait, the more resentment and animosity can fester. Nip potential problems in the bud.