

When It Comes to Money, We've All Got Issues

WE KNOW WE have problems with money. As individuals we know it, and as a country we know it. Private and public foundations spend millions of dollars every year trying to teach people how to budget, save, invest, and get out of debt. There's just one problem: It doesn't seem to be working.

Everyone has a theory as to why. One camp says it's because people are apathetic and don't care to learn. Another says it's because we aren't taught about money from an early age. I think it's because most of the financial management programs out there speak to our balance sheets, not to our *minds*.

Financial management workshops and investment classes feel irrelevant to many people. What does it matter how much you can earn at 10 percent interest over 40 years if you're struggling just to pay

your grocery bill? So much of the material in financial workshops is so remote, so far from our current reality, that it's easy to check out mentally. If you can't go home and put it to use right away, what does it matter? It's just another math class.

That's why I made a promise to myself as a financial educator that as much as possible, I would not use numbers. Don't misunderstand; I love numbers. Still, learning about numbers didn't solve my financial problems. Learning about myself did that. Of course, to manage your money well you will need to do some number crunching, eventually. Regardless, I honestly believe that for most of us money management is less about numbers and more about the *stories we tell ourselves* because of those numbers. Money carries deep cultural and social meaning for each of us, and we each have developed an attitude about it based on those narratives. The decisions we make concerning money are profoundly affected by the cultural, social, and emotional meaning we attach to it, yet most financial educators completely ignore these aspects. Instead, we are taught about money as if all of our financial decisions were made in the sterile environment of a classroom, with our calculators at the ready and our rational minds playing absolute commander over our passions and desires. This is not the case at all. The entire field of behavioral economics is based on the growing body of evidence that people are not always rational when making financial decisions. Despite the waves this notion made in the field of economics, it comes as a surprise to pretty much no one.

Money is probably the most emotionally meaningful object in contemporary life; only food and sex are its close competitors as common carriers of such strong and diverse feelings, significances, and strivings.

—David W. Krueger, MD¹

The reality is that we make our financial decisions in the context of our wider lives. Every purchase, payment, investment, or gift takes place within the larger picture that encompasses our work, our families,

our obligations, our ambitions, and our feelings, hopes, struggles, and frustrations.

To navigate through the enormous complexity of our lives, we take shortcuts and develop rules of thumb and simple narratives to guide us. This is an adaptive trait that helps us to make quick decisions and easily understand the world around us. The problem comes when the narratives intended to guide us actually work against us, or stand in the way of reaching our goals. When this happens, we need tools to help us rewrite those stories and get back on the path to our best future.

With this in mind, we will begin by taking a look at the environment where all of our financial lives began. A person's core beliefs and financial stories have their roots in the individual relationships, the environment, and the events they have experienced. It is certainly true that we have all had unique circumstances, role models, and experiences with money, so no book can speak directly to your background. Yet, one thing is fairly universal: Money is a loaded topic in our culture. So loaded, in fact, that it is the world's most impolite subject.

Note

1. David W. Krueger, "Money, Success, and Success Phobia," in *The Last Taboo: Money as a Symbol & Reality in Psychotherapy & Psychoanalysis*, ed. David W. Krueger (New York: Brunner/Mazel, 1986), 3.

