Emotions, Money and Financial Stress

Research has shown that financial stress is linked to depression. By looking at the things you CAN change, you can dramatically improve your situation.

A "Top Ten" of dysfunctional money-related behaviors:

1. **Using money as a mood-changer.** If you get the "call of the mall" after a bad day, or a family argument, stop and think before heading to the mall. What more "stuff" do I really need? Would I still purchase this item if I had to pay cash? Am I using my credit card(s) to get back at someone? Try to view the situation in a new way. Develop more flexible problem-solving skills. Think: who eventually "pays the tab?"

2. **"We'll deal with it later."** Incurring more debt only puts more financial stress on you to pay more, which is risky in these troubled financial times. What would happen if someone lost their job, or got too sick to work? The financial optimism we enjoyed several years ago has been overshadowed by new realities.

3. **"Till debt do us part."** When we marry, we enter into a relationship that can, through combined efforts, create wealth or a financial hell-on-earth. Keeping secrets about how money is spent, or earned, can create havoc and erode trust at home. Familial attitudes about money that are brought to the beginnings of a marriage can be a contributing factor too. People differ in their attitudes about budgets, investment style, insurance needs, standard of living, vacations, hobbies, etc. It is important to choose someone from the outset whose values are in sync with yours, or if its too late for that, to have regular discussions about financial priorities and decisions.

4. **Hidden addictions.** These are crisis-creators in a marriage. The obvious addictions of shopaholism, gambling and/or drugs are all well-known to eat up huge amounts of money. But what about internet addiction (home shopping, sex, etc.) or having to have the latest software or gadget for the computer. In some homes, the computer demands as much attention as the children. Also, do you eat out a lot? You may be "eating up" your available disposable income due to poor planning or possibly a need for excitement. Deal with your needs for excitement another way, and you'll start saving money.

5. **Not planning for major purchases or choosing impulsively.** Washing machines and refrigerators, as well as all major appliances, eventually roll over and die. Replacing these items is costly, but sometimes our emotions take over what could be a rational process. We may feel a sense of entitlement where "only the best will do." Or, our good judgment may be clouded by having to buy the same product a friend or relative just purchased, even if we can't afford it without great hardship.

6. **Playing rescuer for the financial crises of grown children.** If your grown child/children can't seem to manage their money without frequent bailouts by Mom and Dad, you are in for a wild ride. You might do this because a) you feel you "have to" in order to prevent some catastrophe, or b) because its "what good parents do," or c) because you get a kick out of stepping up to control your adult child's life. However, be aware when you do this you are reinforcing your child's failure to function as an adult and you are creating a false security that Mom and Dad will always be there to rescue them. Someday you won't,

and they will be older and possibly not wiser. Save your money for your own retirement and teach them how to fish rather than giving them a fish.

7. **Not wanting to look in the mailbox.** Do you ignore the warning signs that you have too much debt? Do you only make minimum payments, incur late charges, or not know the total amount of your debts with their corresponding interest rates? Your head-in-the-sand approach is probably costing you more money because, out of your fears about knowing and looking, you may be missing opportunities to undo the damage, or at least do damage control. Once you take the time to know what you are dealing with, it will be scary but you can adopt a plan of action to curtail new spending, take steps with creditors, pay bills on time to avoid those deathly default rates, etc.

8. **Letting money "burn a hole in your pocket."** Having money in the pocket is comforting to most people, but before you spend your tax return money, consider letting it "cool off" for awhile, safely parked in a savings account that's difficult to access. Adopt a time frame where you choose to do nothing. You might find that you actually like saving.

9. **Emotions about inheritances.** More middle-aged people are inheriting money, as a result of the thrifty ways their parents had as children born in the Great Depression. An inheritance can elicit powerful feelings ranging from guilt over what you did not do for your parents, to sadness that they did not get to enjoy their own hard-earned money, to fear that you will blow through your inheritance, or feelings of entitlement after having had an unhappy family life. Whatever your case, get sound financial advice from a trusted source. Avoid high-risk situations to attempt to parlay your new found wealth into a fortune, unless you are a trained money expert. People who inherit money sometimes feel that because they did not earn it, it is "mad money." Resist fancy home improvements until the money, and your emotions, "cools off." Finally, do not forget the share due IRS, even if you feel that the money is "all mine" because this oversight can create new havoc.

10. **"I'm going to win Lotto."** Having dreams is a fun thing but if your solution to money stress is to score big at Lotto, you might be living in Fantasyland. The reality is that most of us will have to work until we get to retire, and only a tiny percentage of people ever win lotteries. It's far better to use your wits to plan soundly towards making your retirement dream comfortable. You'll probably come out ahead anyway, by being a tortoise rather than the hare, since most Lotto winners have lost their winnings within the first five years.

Source unknown.