

How emotions can drive your financial decisions

BY CORA ELLEN LUKE, MA, LMHC

Imagine that your personal financial situation is a car. Are you in the driver's seat, steering the car skillfully with a good map of where you are headed?

Studies show that 60-70 percent of Americans report that money is their top stressor in life. Yet, many of us do not have a clear understanding of how money operates in our lives, and most people are reluctant to discuss or ask about personal financial details. What is going on?

Many people believe that money is just cold, hard cash. Even though most of us would perhaps be better off if we had more money, it's the unseen emotional and mental feelings we have about money that often get in the way of making and carrying out sound financial decisions.

Most of these hidden feelings are deeply ingrained from childhood and are rarely examined for their validity. Some of the most common faulty feelings about money are described in "The Financial Wisdom of Ebenezer Scrooge: 5 Principles to Transform Your Relationship with Money" by Ted and Brad Klontz and Rick Kahler (Health Communications Inc., 2005). These include:

\$ More money will make things better. In our society, it's easy to adopt this belief. The fact is that money makes some things better, but not all. Studies show that once basic survival needs are met, increased income does not correlate with increased happiness.

\$ Money is bad. Variations on this theme include the idea that people only get rich by treating others badly, or that having too much money leads to an erosion of character. But it isn't the money itself that is the cause; it is the response of the person to the money that can lead to positive or negative traits.

\$ I don't deserve money. This belief is commonly held by those who have money that they did not earn. It is also common to those who believe they should not enjoy their money, because others are less fortunate. People with this belief tend to have a hard time spending even moderate amounts of money on themselves, or if they do, their enjoyment is marred by guilt. If they invest well or inherit, they tend not to keep the money.

\$ I deserve to spend lots of money. This belief is common to people who grew up feeling that they never had enough or to those who grew up with the perception that love is expressed through money. Either way, they find that they spend an excessive amount of money on themselves in order to feel special, worthy or loved.

\$ Money is unimportant. This belief may spring out of a valid conviction that other things are more important than money. However, this overly simplistic belief usually leads to a lack of proper attention to one's present and future financial needs. For most of us, money is important, along with a number of other things.

\$ I'm just no good with money. Many of us feel awkward about serious financial planning simply because we never had the opportunity to learn about money in an objec-



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tive, nonjudgmental way. Instead, we mistakenly assume that our poor saving and spending habits are the result of something essential and unchangeable about ourselves. Thus, we never take the time to learn the skills that lead to increased competence with money.

Becoming aware of these emotionally charged attitudes and beliefs is a first step in gaining control over personal finances. Once we identify our hidden attitudes about money, we are much more empowered to make financial decisions that are sound and in alignment with our current needs and values.

Although Cornell's Employee Assistance Program (EAP) counselors are not trained as financial advisers, we can help with exploring the mental and emotional aspects of money, so that you can understand and possibly change the beliefs and attitudes that may influence your view of financial matters. To talk to an EAP counselor about this topic, call (607) 255-1531. All consultations are free and confidential.

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More about money

A number of instructor-led and on-line courses on money and personal finances are offered through Cornell's Office of Human Resources, available at no charge to Cornell staff and faculty.

Instructor-led Courses (to register, go to <http://cornell.veplan.net/Education/catalog.aspx>, and look under Office of Human Resources/Life Quality)

- Funding Elder Care, May 8, 11:30-12:45 Roberts Hall
- Caring for the Caregiver—the Sandwich Generation, May 22, 11:30-12:45 Roberts Hall
- Financial Consultations (refer to What's New, Benefits Appointments, next page, for a listing of appointment times)

SkillSoft Online Courses (obtain an ID and password from Organizational Development Services, (607) 254-6400, and go to <http://suny.skillport.com>)

Under a search for "money":

- Managing Personal Finance with Money 2003
- Planning Your Personal Finances Simulation
- Financial Planning for Couples Simulation

Under a search for "finances":

- Planning for Retirement and Retirement Accounts
- Homes and Vacation Homes
- Managing Your Cash Flow and Credit
- Determining Your Insurance Needs
- Tax Planning

If you have any questions about these or other courses, or are unable to access the online registration process, please contact Organizational Development Services, (607) 254-6400, <org_dev_mailbox@cornell.edu>.