

# Common Money Mindsets That Hold You Back

Don't resign yourself to the notion that your financial prospects will never improve.

Consumers often get caught up in financial rules, believing they need a certain amount of money to retire or that they should have a specific amount saved by a given age. But money management isn't just about the numbers; it's about the emotions and attitudes behind our decisions to spend, save or invest.

"You're not managing money as much as you are managing your choices," says financial behaviorist Jacquette M. Timmons. "How do you make your choices? How do you evaluate option A versus option B? You'll begin to see that money is no different from any other domain," she explains.

Here's a look at common mindsets that could be sabotaging your wallet, along with strategies for reframing these thoughts in a more positive way.

**There's never enough money.** Within this scarcity mindset, there are two distinct groups. One involves experiencing a cash crunch and feeling that there isn't enough money; the other has plenty of money but irrationally worries that it's not enough or that they'll suddenly lose it. When the latter occurs in middle-aged women, it's called "Bag Lady Syndrome," and it's relatively common. In fact, the 2013 Women, Money and Power Study conducted by Allianz Life Insurance Company of North America found that nearly a third of women with a household annual income of at least \$200,000 reported a fear losing all their money often or sometimes. By understanding that money is a finite resource, you can avoid making rash financial decisions. But too much of this attitude isn't healthy, and it can create a negative feedback loop that prevents you from earning more and moving forward. Timmons recommends starting with gratitude. "As corny as it sounds, it really is important to be grateful for what you have," she says. "At least you have a place to spring from." Next, brainstorm ways to get more money, whether that's selling old cellphones or getting a part-time job.

For those suffering from Bag Lady Syndrome, she recommends listing the steps that would need to happen in order for you to become homeless. She suggests asking yourself: "Is this really possible? Is this really going to happen?" Listing those steps could help you recognize your fears as unlikely, she explains.

**Why bother? My situation isn't going to change.** This attitude of resignation is similar to a defeatist mindset, and it can turn toxic when it prevents you from taking smart steps to save for a rainy day or plan for retirement.

If you feel powerless with money, Timmons recommends looking at other aspects of your life where you may feel more empowered. She recommends asking yourself: "What's my behavior in those situations?" According to Timmons, it's also a good idea to "analyze it as if you were having an out-of-body experience. Look at some of the attributes there, and apply that to your money," she says. For instance, maybe you feel that your money always runs out before the end of the month, but you are disciplined about running several times a week. Think about how you can apply the discipline you already have in training to better manage your spending habits.

**You only live once.** This catchphrase (or YOLO for short) has been used to justify all sorts of purchases, from designer bags to luxury vacations. We all need some fun in our lives, but people who take this to financial extremes are what Susan Zimmerman, a chartered financial consultant and licensed marriage and family therapist, describes as jugglers. "The juggler has lots of spontaneity but is often in financial crisis because they've not looked into the future at all," she says. In contrast, the planner falls at the opposite extreme and the balancer sits somewhere in between, planning purchases but allowing for some flexibility and fun, says Zimmerman, who is a partner and co-founder at Mindful Asset Planning.

Consumers who fall into this mindset should practice a 24-hour rule, Timmons says. Wait a full day before committing to a purchase and then ask yourself how it will impact your life and what you're willing to give up to accommodate that purchase. Ask yourself questions such as, "If I do this, what am I going to let go of?"

Those who put off future planning or hate creating a budget can benefit from reframing. "If you can, just reframe something simple, like reframe saving for retirement as spending for retirement," says Rick Kahler, a registered financial advisor in Rapid City, South Dakota, and past chair of the Financial Therapy Association. "For people who love to spend, don't create a budget. Create a spending plan," he says.

**The universe will provide.** Kahler says he sometimes sees an avoidant attitude in people who work in professions such as teaching, nursing, social work and ministry. Often, these professionals don't make a lot of money, but many think "if you do all the right things for the right reasons, you're not going to have to worry about the future," he says. They think "[their] good karma is going to guarantee that good things are going to happen." Adjacent to this mindset is some women's expectations of being rescued by a man and never having to worry about money. While these mindsets take a more upbeat approach than a "why bother?" framework, they're still passive – and using any attitude to justify a failure to plan can get you into trouble. Kahler suggests asking yourself: "First, is that [statement] true? And second, is that really true?" In some cases, the universe does provide, but in others "a lot of good people have done the right things [and] have ended up in poverty," he says.

**More money will fix everything.** Regardless of income or net worth, many of us erroneously believe that more money will solve our problems. "That's an issue with our society: the thought that more money is magically going to bring us meaning or happiness or security," Kahler says. He points to a financial therapy client who had hundreds of millions of dollars and still felt unhappy because her money separated her from other people. "There wasn't once in her life that she knew she was asked to be on a board or committee that wasn't because of her money," he says, adding that the client wanted to be seen for her human attributes not her wealth. But if you keep thinking that more money will right all wrongs, think again. This can lead to workaholicism and disappointment when expectations aren't met. "It's liberating to stop looking for more money as the solution," Zimmerman says. "Instead, define the problems and ask how they can be solved in ways other than extra money."

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