on your mind

A PUBLICATION OF CHILD & FAMILY PSYCHOLOGICAL SERVICES

INSIDE THIS ISSUE

THE PSYCHOLOGY OF FINANCES

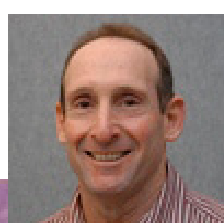
This issue of the CFPS newsletter focuses on the tricky area of finances. The topic was chosen because finances are frequently a major stressor for both individuals and families. Money worries can strain our relationships and negatively impact our physical, emotional and mental well-being.

It seems there is never a shortage of ways to spend our financial resources, and sometimes we have to make difficult choices about how to allocate them. This can cause major problems in relationships if the people involved have different priorities for spending and saving money. It can be challenging to find a comfortable balance that prevents resentment from building up between partners.

Several articles in this issue deal with saving money – putting aside the things you want in the present for some better options down the road. This can be very difficult to do. Let me share a personal experience that taught me the value of saving. As a new professional, I accepted a job at the State University of New York at Stony Brook with a very low salary that barely covered my financial needs. On top of that, I was required to put a portion of my salary into a forced retirement account. I was not happy about this, but I had no choice. Well, today that forced retirement account is worth close to three times my total salary for the two years I worked at Stony Brook. Disciplined savings early on leads to benefits down the road — present pain for future gain. The keyword here, though, is *balance* because it is also important to use your financial resources to enjoy the present.

I think you will find the articles in this newsletter by Jeff Chicoski, Phyllis Florian, Pamela Mairs-Pellerito, Theresa Nutten and Christine Weiss to be enlightening and helpful. Please let us know your thoughts about this issue by using the feedback section of our website, **childandfamilypsych.com**. Thanks for taking the time to read our publication.

Larry Beer, Ed.D.
CFPS President



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THE PSYCHOLOGY OF SAVING AND INVESTING

by **PAMELA MAIRS-PELLERITO**
Limited Licensed Psychologist

How often have you found yourself dipping into that savings you've worked so hard to build? If you are like most people, you probably think that building a savings and/or retirement account is out of the question. You may have racked up thousands of dollars in credit card debt, or maybe you live paycheck to paycheck. There is psychology involved in financial management. Many of the same strategies that you use on a daily basis can be used to help you build your financial future.

Ask yourself what provides you and your family with security. While there are many possible responses to this question, our culture generally equates security with money. While it's true that lottery winners are not necessarily happier than those who live on a middle-class income, having sufficient money can alleviate those late-night worries about how the bills will get paid. Think about the last time you purchased something impulsively or dipped into your savings to take that vacation. Did you really feel better or was the high you experienced short-lived?

Everyone can save. Start by logging all non-essential spending for one month. Make note of every cup of designer coffee or anything else that isn't a "must have." At the end of the month, total all of these expenditures. In month two, bank 90 percent of that amount, and spend the other 10 percent as your reward. This establishes a starting point for your monthly savings rate.

A good rule of thumb is to create an emergency fund of about $3,000. You can dip into this fund if the furnace goes out but not to buy that new pair of tennis shoes. Once you establish your emergency fund, start paying off debt. Some financial experts recommend paying off debt with the highest interest rate first; others say start with the largest debt. What's most important is making sure you pay off your debt on a consistent basis.

Invest in your employer's 401k or whatever retirement option your employer offers. These dollars come off the top of your income tax-free. If your employer doesn't offer this option or if you're self-employed, consider opening a Roth account. Also consider buying life insurance, especially if you are the primary wage earner. Term life is inexpensive and offers your family financial security should something happen to you. Whole life is generally more expensive and acts much like a savings account. Investigate which is best for you.

As your debt comes down, begin increasing your contributions to savings. In general, you'll want enough cash on hand to manage household expenses for six months should you lose your job. Once you increase your savings to the desired amount, begin increasing your pre-tax contributions to your retirement accounts. Sit down with a financial planner and map out a plan to get you to your retirement goals. Many planners offer consultations free of charge.

Putting your financial house in order takes discipline and commitment. Don't get derailed by materialism and provocative marketing designed to persuade you to have the biggest and the best. The feelings you get from this type of spending don't last and often lead to a constrained and worrisome lifestyle. In contrast, financial security can decrease anxiety, improve your mood and give you peace of mind. Taking charge of your finances now can lead to a much more satisfying and less stressful future.

Could you have a money disorder?

If you're having chronic financial difficulties, such as persistent debt, money hoarding or wasteful spending, the cause could be deeper than poor financial management. You could have a money disorder — a pervasive pattern of self-destructive financial behavior. Such disorders tend to have an underlying emotional cause, perhaps dating back to childhood. Did you grow up poor or with a parent who hoarded money instead of providing for necessities? Did a former spouse use money to exert control? It may be time to examine the emotional roots of your relationship with money.

YOUR KIDS AS SAVVY MONEY MANAGERS

by **JEFF CHICOSKI**
Licensed Master Social Worker

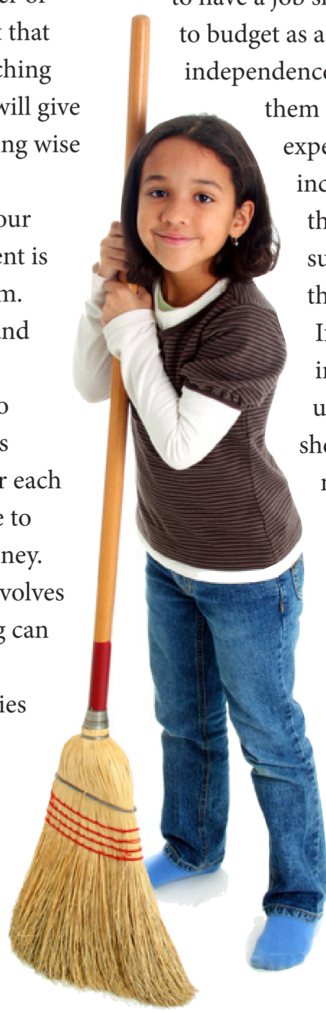
Financial debt can be a major contributor to feelings of stress and depression. And with the American Psychological Association recognizing financial stress as the leading cause of unhealthy behaviors like smoking, weight gain and alcohol and drug abuse, one of the most important things we can do as parents is to teach our children how to manage money.

Kids struggle to understand the value of money, which makes sense since they most likely never had a job or financial responsibilities. Whether they want the newest gaming system, MP3 player or tablet, sometimes kids just expect that their parents can afford it. By teaching your children about money, you will give them a good foundation for making wise financial decisions as adults.

A good first step to teaching your children about money management is to open a savings account for them. Take them to the bank with you and allow them to deposit their own money. It is rewarding for them to get a printed statement that shows that their account is building after each deposit. It would be unreasonable to expect kids to save all of their money. The secret to managing money involves learning that spending and saving can happen at the same time.

Give your children opportunities to earn money by offering an allowance in exchange for completing household chores. Or, especially for younger kids, give them tickets that they can exchange for activities that interest them, such as playing games or going to a movie. Certain activities may require more tickets than others, thus teaching the value of saving.

Another idea is to start a savings chart. List items your children want to save for, along with the costs and how much money they are starting with (if any). Every time money is saved, add that amount to the chart until they reach their goals. This process will teach your children that sometimes they have to wait and save to be able to afford more expensive items. You could provide further incentive for them to save by matching their deposits. Seeing their money grow in this way could be very motivating and demonstrates how much you value saving.



Children who are teens or old enough to have a job should start learning how to budget as a step toward financial independence as an adult. Work with them to organize their monthly expenses. Look at total income for the week (or the month if possible) and subtract expenses to see if the budget is manageable. If expenses are more than income, help your child understand that he or she may need to prioritize needs and wants until the next influx of income through work, gifts, allowance, and so on. If money remains after expenses, encourage your child to put a percentage of that money into a savings account or even a mutual fund. This money can grow over the years. It may be used for emergencies or future expenses like a car, college or even a down payment on a house.

The goal is to teach children that by saving and budgeting their money, they can feel a sense of pride in the things they buy and the hard work that goes into being able to afford the things they have. They may not be able to afford everything they want, but at least they can avoid the stress of debt as an adult.

WINNING THE MONEY GAME

by **THERESA NUTTEN**
CFPS Intern

If you and your partner squabble over finances, you're in good company. Studies show that money is the number one reason couples argue. Because money touches nearly every part of our lives, it's not surprising that it causes the most conflict. Yet it doesn't have to be that way.

Finding financial harmony in a relationship is what I call playing "the money game." When couples fight about money, they often find themselves relating to each other as opponents trying to defeat one another — the spender vs. the saver, for example. If they can strategize together as teammates working collaboratively toward a common goal, then they both become winners of the money game.

Honest and open conversations about each other's financial priorities, attitudes toward money, and saving and spending styles are critical to becoming a successful money team.

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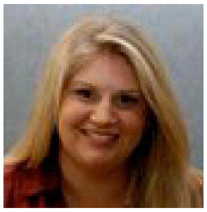
CARRY YOUR OWN BURDEN — SO YOUR KIDS DON'T

by **CHRISTINE WEISS**
Limited Licensed Psychologist



We would like to think that our children live in insulated worlds constructed of age-appropriate stimuli, healthy boundaries and blissful oblivion to the stresses of the adults who care for them. In reality, thanks to nonstop media exposure, any child who can tell you about One Direction, Perry the Platypus or Darth Vader will also recognize the terms "unemployment rate," "fiscal cliff," "mortgage foreclosure" and "bankruptcy." Kids know that money is a stressful topic for parents, and that makes it stressful for them, too. Fortunately, even parents who struggle to handle money appropriately themselves can work to maintain appropriate boundaries when it comes to discussions about family money matters.

Words better left unsaid

Most parents do a careful evaluation of their child's developmental abilities before assigning bedtimes, household chores or a weekend curfew. The same analysis needs to take place when deciding how much information is shared with a child regarding the family's financial state. Dumping all of your adult financial concerns in front of your child and following up with, "But this isn't your problem, so don't worry about it," is akin to tossing out a weak "No offense intended" following a plainly offensive verbal attack.

This is not to say that discussions regarding finances are to be avoided. On the contrary, conversations concerning both short-term and long-term financial decision-making should take place regularly as an ordinary part of daily family life. Parents should acknowledge to their children that maintaining financially responsible habits is not always easy. However, details of specific stressors should be reserved for adult conversation, as the presentation of a problem implies to the child that a solution is expected, and there is nothing more emotionally debilitating to anyone, especially children, than the burden of a suffocating problem without the power to provide a solution.

Semantics matter

Because we know that children are literal thinkers and that their ability to think in abstract metaphors and to understand hyperbole and exaggeration is developed over time, it's important to choose words carefully. Extreme statements (always, never, etc.) should be avoided. It is also unwise to treat the unknown as a certainty. For example, the prospect of losing your house to the bank should not be presented as an inevitability when you are, in fact, actively trying to avoid this very possibility.

Deliberate word choice can even turn a potentially harmful statement into a teachable moment. A curt "we don't have money for that" will probably be heard as "we don't have money," and a child will imagine a situation that is probably more hopeless than the real one. A better choice would be to say, "that might not be the best use of the money we have available right now," followed by a discussion about choices and priorities.

It is also important that blame for a lack of funds or a financial rut not be cast onto anyone, spouses included. Children should not hear, accidentally or purposefully, statements that begin with "If you hadn't . . ." or "This is because of your . . ." and other such pointed statements, as this will, to the child, necessitate the choosing of sides. Careless statements such as "There goes Taylor's college fund" or "We could have taken that vacation if Sophie didn't have to go to dance class" may be intended only as weapons of guilt between parents but are serious blows to a child who overhears these words. The child will feel like she herself is the problem.

Above all, your values count

It is up to the parents and caregivers to help a child define "quality of life." Is "a life well-lived" defined by our possessions, our homes, our titles, our relationships, our attitudes toward others, our pastimes or our service in accordance to a greater purpose? It is possible to lead a rich life without matching your real-life home, job, vehicle, vacations and activities to those of your expectations and best intentions, and your children need to know this! You can teach your children that Plans B, C and D are viable options and that your family team is led by mature adults who love them enough to lead with their hearts and their heads, even when times are tough and tensions are high.

RETAIL THERAPY: HOW THERAPUETIC IS IT?

by **PHYLLIS FLORIAN**
Limited Licensed Psychologist

You may love your brand new espresso machine, but will it really solve your relationship problems or relieve your stress?

The phenomenon of "retail therapy," or shopping to lift our spirits, often results in temporary feelings of satisfaction and pleasure. However, when shopping gets out of hand because of overspending, impulsive buying or gotta-have-it purchases, it becomes problematic for family finances and relationships. So, how *therapeutic* is retail therapy anyhow?

To understand the science behind "retail therapy," it's important to look inside the brain. The pleasure center — made up of the nucleus accumbens and the ventral tagmental area — lights up as activities such as shopping bathe that portion of the brain in dopamine, the brain's pleasure chemical. When we feel empty, tired, frustrated or sad, we often seek out a means of consoling ourselves. Shopping is one way of trying to feel better. Our emotions may work in the absence of good judgment as we spend, spend, spend. The frontal lobe of the brain — the area responsible for executive functioning and rational discernment — is suppressed by the strong force of our emotional need for pleasure. Swept up in the moment, we ignore the cost-benefit analysis of sticking to the budget, and we "shop 'til we drop!" It feels so good!

Some people are drawn very strongly to the effects of dopamine on the pleasure centers of the brain. We indulge in

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WINNING THE MONEY GAME (from page 3)

An important first step is recognizing that you and your partner may have been playing the money game by different rules. This is understandable since you might have different priorities when it comes to finances. One of you might prefer having liquid assets because they provide more financial flexibility, while the other might prefer to own property believing that long-term investments are the best way to go. It is important to know your partner's priorities so you can work together respectfully and collaboratively. It's equally important to be open to compromise. For example, if you and your partner find yourselves with conflicting financial priorities, consider budgeting an allowance for each of you — money that you each can spend, save or invest as you desire.

Also important is being able to remain calm when money issues become emotionally charged. In these situations, it is essential that couples call a time-out so that anger and frustration don't derail important money discussions. If you are feeling upset by a financial situation, ask your partner to set aside time within the next 24 hours to have a discussion focusing on specific financial issues. This means choosing a time when both of you can be calm and rational without interruptions from kids, work or other distractions.

Once you have an appropriate setting, calmly discuss your stressors. Take turns listening to and considering each other's views. Focus on one problem at a time. Use "I" statements to explain your concerns instead of "you" statements to avoid sounding like you are blaming your partner. Also, try to avoid making critical comments regarding your partner's views and being defensive when your partner questions your priorities. After listening, repeat what you heard your partner say so that he or she feels understood. Remember, you are teammates, not adversaries.

Conflict regarding money is bound to occur during any long-term relationship. If you and your partner can view each other as teammates rather than opponents, stay focused on common financial goals, and communicate honestly and respectfully, the odds of both of you coming out winners will be stacked in your favor.

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RETAIL THERAPY (from page 4)

alcohol, chocolate, sex, etc., because we seek pleasure. It makes us feel happy and satisfied — at least for a short time.

Soon, though, "buyer's remorse" kicks in as the consequences of over-indulging lead to guilt, bad feelings and even shame. How did we manage to spend *that much* so quickly? We hide the "evidence" by stashing our loot in closets or secret hiding places at home. Maybe, if we're lucky, our partner won't notice (at least until the next bank statement arrives). Like other addictive behavior, hiding the evidence is often a sign that the shopping habit is becoming problematic. Ironically, when we experience the guilt or shame associated with this indulgence, we seek to soothe those uncomfortable feelings. Then, the vicious cycle of emotional shopping keeps spinning.

So, how do you know if *your* "retail therapy" is getting out of control? Ask yourself: Am I shopping to fill an emotional need? Did something upsetting just happen? Are my emotional needs better addressed in some other way? Do I hide purchases because I don't want my spouse or partner to know how reckless my spending has become? Do I really, *really* need the items I want to purchase? Am I willing to wait for these items, or do I need them now to fill an emptiness inside me? What would happen if I just walked away from the store right now?

If our answers lead us to suspect a problem with out-of-control spending, then speaking with a loved one or a trained psychotherapist is a good way to stop the vicious cycle of emotional shopping. Purchases made in moderation, with a planned budget, are not always bad. When our finances allow occasional indulgences, the pleasure we glean from the social experience and thoughtful purchases can be rejuvenating, especially when shared with friends or loved ones. If we communicate our intentions and talk about our needs, we can soothe our pleasure centers *and* mindfully stick to the family budget.

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Our therapists specialize in a wide range of areas, including depression, anxiety, loss and grief, relationships, parenting, teen issues, behavioral issues, learning problems, gay and lesbian concerns, addictions, and transitions, among many others. In addition, we offer psychological evaluations and testing services.

For a complete list of our therapists and their areas of expertise and interest, as well as a list of our therapy groups, visit our website at **childandfamilypsych.com.**

To make an appointment to see a therapist, please call our business office at **(269)372-4140.** Our support staff will be happy to work with you in choosing an appropriate therapist based on your needs and preferences.

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