

Book Review

Mind Over Money: Overcoming the Money Disorders That Threaten Our Financial Health

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Authors: **Brad Klontz, Psy.D.** and **Ted Klontz, Ph.D.**

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Although there are many good books available that explain how the brain functions and influences our actions, psychotherapists Ted and Brad Klontz, a father-son team, apply the information specifically to how we interact with money. Let me say at the outset that I admire people who can take complex topics and make them simple and understandable and I adore people who can do that with humor and relevant stories. The Klontzes do both! Even though the book is chock full of references to research in fields such as psychotherapy, the social sciences, neurobiology, finance and economics, their style of sharing information feels more like listening to and learning from an engaging, non-judgmental friend than reading a book about serious financial behavior.

The book jacket summarizes the contents as *the 12 common money disorders that hold us back: how to identify them, understand them, and beat them for good*. The introduction immediately engages readers by stating that most people have complicated relationships with money and “more people than you realize have money relationships that are downright dysfunctional” (p. 1). They then expose us to The Big Lie: financial difficulties are your fault. I must admit that I was concerned they were giving a free pass to people who make irrational financial choices. “The truth is, they [chronic self-defeating and self-destructive financial behaviors] stem from psychological factors that lie well outside our conscious awareness and their roots run deep, deep into our past” (p. 2).

One compelling story after another illustrates the patterns of behavior (or scripts as they are called) that subcon-

sciously affect our financial behaviors and seem to be out of our control. The authors conclude that the scripts we have in our heads may have been useful when they were developed, but may become dysfunctional if we continue to unconsciously cling to them (p. 9). That accounts for the times we know what we should do but do not act on it. For example, most everyone knows we should have a will and an emergency fund but that does not mean most people follow through and make it happen. The knowledge of subconscious scripts directing our actions is not a free pass after all. It is the challenge to discover the roots of one’s behavior and take responsibility for changing it if necessary.

The Klontzes introduce key concepts that are used throughout the book. Scripts is a term often used by psychologists to refer to patterns of behaviors and thoughts that become so automatic that we frequently are not even aware of them on a conscious level. Money scripts refer to “the assumptions or beliefs about money—what it means and how it works” (p. 11). Financial flashpoints are “an early life event (or series of events) associated with money that are so emotionally powerful they leave an imprint into adulthood” (p. 8).

The authors emphasize that money scripts and financial flashpoints are typically hidden in our subconscious and that changes in financial behavior are possible by becoming aware of the pain, anxiety, and/or stress of financial flashpoints related to those behaviors. Combining biological, neurological and social sciences research with experiential stories, the authors help us understand and access our

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own stories so we can take control of our relationship with money and help the people we work with do the same.

The book is 308 pages. Following the introduction, it is divided into three parts: The Big Lie (three chapters), Money Disorders (four chapters), and Beating Your Money Disorders (three chapters). Each chapter contains activities that include reflections on the key learnings, guidance on how to do things differently and suggestions on how to incorporate new behaviors into one's life. The Afterword includes access to an online assessment and there is also an extensive bibliography.

Part One: The Big Lie

Chapter 1: Information Is Not Enough

The authors cite research that consistently concludes that money is identified as a major source of stress in our lives. "In a modern, industrialized society, money is one of the only things that touches on and impacts each and every one of our needs" (p. 21). Money is not only essential to get our basic needs met, it is also very closely linked to emotional needs, such as love, success, acceptance, attention and security, and the two often are inseparable.

Using the metaphor of a tilted table with three legs (p. 27), the authors have us visualize a situation in which one leg is shorter than the other two causing the table to tilt. We can, of course, affect a quick fix by putting something under the shorter leg. With money, when we experience emotions such as anxiety, fear, and shame, it can cause us to feel off-balance so we compensate by reaching out for resources that help us feel rebalanced, even temporarily, such as shopping and/or hoarding. As the stress increases, the table tilts more (the behaviors become more and more pronounced) and unless the scripts underlying the negative behaviors are changed, those behaviors are repeated. These behaviors are motivated by emotions, so simply teaching money management skills will not restore balance.

Chapter 2: The Zoo in You

Readers are introduced to the biological explanation of our behavior highlighted by a graphic model of the brain that eliminates all scientific jargon and makes the information very accessible. The reader is asked to imagine a scientist, a monkey and a crocodile co-existing in a cage-like enclosure. The crocodile represents the reptilian brain that is focused on survival and reacts without planning or forethought with fight, flight, or freeze behaviors to anything that is threatening or triggers a memory of being threatened. The monkey represents the limbic system of

the brain where memories and experiences are stored. Like a monkey, when this area of the brain is activated, it reacts without considering options or long-term consequences.

The scientist represents the neocortex, the analytical, newer part of the brain that is focused on organizing, planning and controlling. It is more focused on logical outcomes, potential consequences and long-term planning. This part of the brain strives to control the more emotional impulses of the other parts of the brain.

The monkey and crocodile are referred to as the animal brain and the scientist is the rational brain. In general, the different parts of the brain typically work together quite smoothly. However, when "we experience something startling and unexpected, something the animal brain interprets...the rational brain instantly gets shut out as if it were behind a closed door that's suddenly slammed and locked" (p. 38). This phenomenon causes us to do or say things that make no rational sense even though we know better and had honorable intentions. The authors discuss the reasons why these emotional reactions are actually positive and helpful but also offer suggestions for how to use them and control them to make more mindful and rational decisions instead of just reacting.

Chapter 3: Belong at All Costs: Running With the Herd.

The chapter begins by talking about the neighborhood where we grew up. In that familiar situation, we knew where everything was and how we had to negotiate in order to survive and get our needs met regardless of whether we liked it or not. The authors build on that metaphor to help us explore our own financial neighborhood—our default comfort zone defined by our familiar values and traditions. The financial neighborhood sets the parameters for how we deal with debt, meet financial obligations, and define rich and poor. They then help us stretch our own financial comfort zone by providing practical strategies and illustrative stories to make the concepts come alive.

Chapter 4: The Ghost of Financial Trauma

Financial flashpoints are intense emotional experiences, and the more traumatic, the more serious the lasting effects. Rather than being depressing, the authors assure us that "our responses to emotional trauma often follow specific, predictable patterns, and with careful thought and introspection, we can learn to identify, detect, and overcome them" (p. 90). Referring to various brain studies they clearly explain the neurological changes in brain patterns that are associated with trauma such as procrastination and

impulsiveness. The chapter ends with exercises to help readers explore their own memorable money experiences.

Part Two: Money Disorders

Chapter 5: What Exactly Is a Money Disorder, Anyway?

All of us will occasionally make poor financial decisions, but those isolated mistakes do not qualify as having a money disorder. “Money disorders are persistent, predictable, often rigid patterns of self-destructive financial behaviors that cause significant stress, anxiety, emotional distress, and impairment in major areas of one’s life” (p. 129). A key point here is that even when people know that they should change their behavior, want to change their behavior, and might even have had the necessary skills, they often cannot seem to do it. This is the most important point of the book for professionals working in the field of financial education and counseling. Since people with dysfunctional behaviors often have the knowledge and skills to act differently, simply teaching them how to budget or pay off debt is not enough to cause a real change in behaviors.

The authors go on to identify symptoms of money disorders: “anxiety, worry or despair about one’s financial situation; a lack of savings; excessive debt; bankruptcy, loan defaults or both; conflict with family, friends or colleagues around money and an inability to sustain changes in financial behaviors” (p. 131). They also discuss a number of financial wellness factors that have been studied by other researchers: “maintaining a reasonable and low debt; having an active savings plan; having and following a conscious spending plan; lack of conflict with a family/partner around money; experiencing high levels of financial satisfaction; and experiencing low levels of financial stress” (p. 131).

What follows in chapters 6-8 are specific money disorders and insights as to why people do what they do. The Klontzes drew on their extensive experience as psychotherapists and researchers to provide many examples of the more common money scripts along with appropriate stories to illustrate exactly how they play out. It is unlikely anyone could read these stories without relating personally or being able to identify individuals they know in a personal or professional capacity.

Chapter 6: Money-Avoidance Disorders

Because many people equate money with negative emotions or painful events, they believe that money is bad. “When money is a force that stirs up fear and anxiety ...

[it] leads to avoidance; instead of dealing with our money issues, we ... run away from them.” (p. 134). The disorders that fall into this category include financial denial, financial rejection, excessive risk aversion and under-spending. It’s interesting to note that the authors found that social workers and educators are “more likely to hold negative views about money and the rich compared to people in other professions” (p. 144). Therefore, unless we as professionals are aware of our own money scripts, we may not have a healthy relationship with money (in spite of our knowledge) and that lack of self-awareness may impact the way we work with others.

Chapter 7: Money-Worshipping Disorders

People with these disorders “equate money with safety, self-worth, and/or happiness” (p. 154). Whether it is working more, spending more, or saving more, the erroneous belief is that more will magically solve whatever issues one has. The specific disorders associated with this are hoarding, unreasonable risk taking, pathological gambling, workaholism, overspending, and compulsive buying disorder. To clarify the difference between the last two disorders, overspenders usually buy and shop to feel connected to others (friends, store clerks, delivery people, etc.) while compulsive buyers are more invested in the routines associated with shopping and literally lose control of their spending in the process.

Chapter 8: Relationship Money Disorders

These disorders not only affect the person involved, but directly impact others’ lives. They include financial incest, financial infidelity, financial enabling, and financial dependency. The serious emotional baggage associated with these money disorders makes it easy to see that secrecy and dishonesty are often part of the package. This chapter examines the complex nature of financial issues and the reasons why they cannot be easily resolved. Although no one expects a financial educator to become a therapist, having an awareness of these complex behavioral issues can change one’s attitude and approach when working with individuals and couples who appear to be resistant or irresponsible. Besides making suggestions and offering activities to address the issues, the authors provide a particularly helpful communication process to be used in these situations called SAFE (Speak your truth, Agree to a plan, Follow the agreement, and Establish an emergency response plan).

Part Three: Beating your Money Disorders

In the remaining chapters, the authors provide a wide array of approaches and activities that not only can help

individuals address their own issues, but can serve as valuable resources for professionals to include in their respective practices.

Chapter 9: Resolving that Unfinished Business

When people have avoided, repressed, or retained unresolved issues related to their financial flashpoint experiences, they often get stuck in their behaviors and can appear to be resistant to change and unable to be resilient. The authors give an overview of the Zimbardo Time Perspective Inventory (and include the Web site where people can take it at no cost.) It provides information regarding our attitudes about time and how that affects how we (a) experience our unfinished financial business, and (b) what ineffective financial behaviors we are most prone to exhibit. Additional resources include many exercises they have used in their practice to help people resolve their unfinished business and move on to achieve a healthier financial life.

Chapter 10: Financial Therapy

Returning to brain research, and utilizing the Picower Institute for Learning and Memory research, the authors share the discovery that cells in our rational brain can actually regenerate and form new associations and connections throughout life. Old patterns of thinking and reacting can be changed once we are able to identify them. To help support the change to healthier financial behaviors, they provide tools to identify and rewrite problematic money scripts. They encourage people with financial challenges to seek “social support, encouragement, feedback, accountability to others, professional facilitation, and advice” (p. 228). They also recommend a wide range of action steps (with specific how-to information) to fit different personal styles such as join a support group, overcome shame, face your fears, identify triggers, identify your emotions and become attuned to what your body is telling you and practice belly breathing and mindfulness meditation.

Chapter 11: Transforming Your Financial Life

This final chapter moves from the specifics of focusing on getting your financial life in order to more general life principles with suggestions to overcome obstacles and create the life you want. The suggestions are very broad and not only support the maintenance of a healthy financial life, but promote a positive, productive lifestyle where we feel more in control. Nothing is new here, but it’s nice to see them emphasize the belief that a good life and a financially healthy lifestyle go hand-in-hand. A few of these recommendations are keep things in perspective, invest in your relationships, embrace the opportunity for self-

growth and know where to seek help. The book concludes with a number of activities aimed at helping readers break out of their box. Their last piece of advice is “Commit right now to creating a new reality” (p. 277) and, in keeping with their style of offering pragmatic advice throughout the book, the Klontzes provide practical advice for just how to do that.

Afterword

The Klontzes interviewed financial planners and clients and asked them to share observations about changes in financial behaviors and habits since the financial crisis. They end on the positive note that hopefully the financial crisis has served as a wake-up call and that “... in the midst of our global and personal financial crises lies an opportunity. If we have the courage to get honest about our financial behaviors, examine our pasts, and challenge and change our money scripts, we have the power to transform our financial lives” (p. 284).

Do You Have a Money Disorder?

Want to take an assessment to identify your own money disorders? The authors direct readers to their Web site and provide a code so you can take the assessment for free and get instant results. Rather than viewing the results as a definitive diagnosis, I was more impressed with it as a conversation starter and a possible eye-opener. The Web site address is: <http://www.klontzcoaching.com/>.

Recommendation

This is an excellent book for any financial practitioner. It is an easy blend of research, experience, and practical suggestions. Readers finish with a solid understanding of how the brain functions relative to financial decisions and why the emotional/psychological component of financial counseling is necessary to effectively change financial behavior. For people we work with who like to read and are interested in exploring their own scripts and financial flashpoints, this book can be recommended without reservation.