Stop Lying to Yourself
Change the way you talk to yourself about money.

QUICK OVERVIEW

In Mind Over Money, Brad and Ted Klontz theorize that almost everyone suffers from money issues that prevent them from living up to their full financial potential. It’s not lack of financial education that keeps so many Americans from attaining wealth or even a solid savings plan, but deeply held psychological hang-ups about money. And, they say, most of the beliefs have their foundations in childhood experiences.

Through the personal stories of countless clients, the authors not only illustrate real-life money problems, but show readers how to identify and overcome deeply held money disorders to achieve long-term financial goals. The authors carefully outline self-defeating behaviors that keep people from saving, growing wealth, and spending appropriately for happiness. And with the issues out in the open, the Klontzes offer an easy-to-read guide for financial health that includes helpful exercises to get you on the path to fiscal happiness.

APPLY AND ACHIEVE

Brad and Ted Klontz explain that most of our money issues stem from what they term “financial flashpoints,” defined as an early life event (or series of events) associated with money that lasts into adulthood.

In Mind Over Money, the Klontzes lead readers on a quest to find their own financial flashpoints and then to identify the money disorders that have grown out of them. Using a series of exercises, they teach readers how to overcome the beliefs that hold them back, and how to create a new “script” for changing their financial lives. To begin changing a script or belief about money, ask yourself:

• When is the script accurate?
• When is it inaccurate?
• How can I use these insights to write an expanded money script?

SUCCESS Points

In this book you’ll learn:

- To identify and overcome money disorders
- Strategies for controlling emotional decision-making
- Steps for broadening your financial comfort zone
If you, like the majority of Americans, already know what you should be doing but you can’t put that awareness into action, your problems with money have little to do with a lack of knowledge.

We believe that scolding you about the risks of not having an emergency fund, or the benefits of budgeting, or how much you should be saving is like trying to treat a brain tumor with aspirin: It addresses a symptom while ignoring the disease. Financial advice is not enough to change destructive financial behaviors.

**THE BIG LIE**

Today, many researchers agree, the biggest source of stress in our lives is money. According to an Associated Press/AOL poll released in June 2008, as many as sixteen million Americans suffered from high levels of debt stress and accompanying health complaints. Year after year, through boom and bust, the APA poll has shown that for the large majority of Americans—over 70 percent—money is the number one stressor, ranked higher than work, health, or children. But why?

In a modern, industrialized society, money is one of the only things that touches on and impacts each and every one of our needs.

But even though money is essential, the cruel irony is that more of it doesn’t automatically solve our problems or relieve our stress. In fact, many studies have shown that at or above the average American’s income, there’s no predictable correlation between money and happiness. In his book, *Stumbling into Happiness*, psychologist Dr. Daniel Gilbert says, “Americans who earn $50,000 per year are much happier than those who earn $10,000 per year but Americans who earn $5 million per year are not much happier than those who earn $100,000 per year.”

So if money is the biggest stressor in our lives, yet having more of it doesn’t solve the problem, what is the solution? The solution is not to focus on making money but instead on developing a better, healthier relationship with it.

In the 1950s the neurologist Paul MacLean developed a theory of brain structure that identified three separate areas, each of which controlled different functions and, he suggested, marked a different stage of our evolutionary development.

The *reptilian brain*—represented by the crocodile—is made up of the brainstem and the cerebellum, connecting to the spinal cord. The reptilian brain controls reflexes, balance, breathing, and heartbeat. It also acts as a collector of sensory information but the processing of that information into thoughts and feelings takes place elsewhere. The reptilian brain’s singular focus is on survival.

The *limbic brain*—represented by the monkey—sits on top of the reptilian brain. It’s here that emotions and thoughts begin to kick in, and for this reason, researchers sometimes refer to it as the *emotional brain*.

The *neocortex*—the scientist—is where everything that makes you “you” is generated: your thoughts, your hopes, your dreams, your goals. It’s the analytical part of the brain, the part at work when you weigh the pros and cons of various possible actions. The neocortex also controls self-consciousness and speech, and it’s the part of the brain responsible for organizing, planning, and—not least—controlling the more primal impulses that come from other parts of the brain. It’s easily hijacked by the other two.

Most of the time, the animal brain and the rational brain work together seamlessly and almost effortlessly. The animal brain is the faster, more powerful of the two. It also has its own circuitry and thus can operate independently of the thinking brain. There are about five times more nerves traveling from the animal brain to the rational brain than there are going in the opposite direction. This means the conscious, reasoning part of our brain has lots of material to work with, but it also has less influence over what happens elsewhere and is slower to respond than other regions of the brain.

This is why, when our anxiety level becomes too high—when we experience something startling and unexpected, something the animal brain interprets as a threat to its existence—the partnership between the animal brain and the rational brain falls apart.

If we train ourselves to recognize potential stressful financial situations before they happen, the rational brain can act ahead of time to exert control over the emotional brain.

We encourage our clients to take a few minutes every day for meditation and for focusing on the body and what it has to say. The ability to read our physical cues, especially those signaling approaching stress, is essential in resisting the takeover of our rational brains.

When you sense that wave coming, take a few deep breaths—really deep, deep enough to move the belly. Then, before you
do anything, count to a hundred by fives, recite the alphabet, sing a verse or two of that awful pop song you secretly love—to yourself, of course. That gap between impulse and action is often enough to let the flood subside and the rational brain take over.

When it’s possible, seek the advice of others before you take action.

You can also plan ahead by giving your rational brain a comeback to the emotional brain’s urging. Think about what your rational brain would have to say if it weren’t busy retreating. Then practice saying it over and over, and your rational brain will have it ready the next time a flood threatens.

Our rational brains are much less powerful than we like to believe, and stress weakens them further by impairing our ability to make decisions. And when we remember the fact that 80 percent of Americans name money as their biggest source of stress, it no longer seems surprising that so many of us make irrational financial decisions, does it?

As long as your financial status is compatible with your financial comfort zone, you’ll feel as if everything is fine. The problems begin when your income level or standard of living significantly increases or decreases, or when that comfort zone limits your potential success.

When your circumstances bring you beyond the top boundary of your financial comfort zone, you will begin to feel unsettled or anxious. You probably won’t even be aware of that anxiety or the reasons for it. After all, more money should be a good thing. It’s having less money that should be stressful, right? Wrong. In our work, we have found that feeling stress about having more money is just as common, if not more so, than feeling stress about having less. For example, all other things being equal, people with 401(k)s are much more anxious about stock market declines than those without. In many ways, the more we have, the more we have to worry about.

This is why we experience such stress anytime we face a change in our financial status. And if we aren’t conscious of this financial comfort zone and what we are experiencing, we’ll begin to behave in unconscious ways that will move us back into our comfort zone. We’ll make automatic, often totally unconscious money decisions that are designed to reduce our exposure to that uncomfortable top boundary and pull us back into safer, more familiar confines.

If you want to achieve and succeed at a higher income level, or become more comfortable with less, you must first come to terms with what it means to step out of your financial comfort zone.

When we can’t seem to learn from our mistakes, when we can’t seem to do what we need to do around money, when we know better but can’t help ourselves, when we try to change and can’t, when our emotional response is more intense than the situation warrants, then it’s likely the result of unresolved trauma.

**MONEY DISORDERS**

Single, isolated, or rare financial mistakes do not qualify as money disorders. 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.

**Money Avoidance Disorders**

As we’ve studied the financial beliefs of clients with money avoidance issues, we found an interesting paradox. The people who indicated that they avoid accumulating wealth, that they are paid less than they are worth and feel guilty about getting paid for the work they do, often also carry the two following seemingly contradictory money scripts.

- **My self-worth equals my net worth.**
- **Things would get better if I had more money.**

This is an excellent example of the duality of problem money behaviors, the fact that it’s not uncommon for one’s desires, values, behaviors, and beliefs to be in conflict with each other. When our beliefs and behaviors are at odds, we are prone to sabotage ourselves, making it very difficult to accumulate wealth.

Denial is a classic defense mechanism, designed to reduce anxiety and shame over our troubles. So financial denial is when we minimize our money problems or try our best to avoid thinking about them altogether rather than face our financial reality.

Believing that money goes only to those who “deserve it,” either through earning it or being “good enough,” they were unable to enjoy their resources, and in some cases, squandered them.

After all, spending less than you take in is a fundamental principle of financial health, right? Technically, yes, but underspending, taken to the extreme, can keep you just as poor
as overspending can. Unlike overspenders, those who underspend may have plenty of savings. Yet, they keep themselves *emotionally* poor by refusing to use and enjoy what they do have.

Underspending is unhealthy because, like rejecting money, it is often based on irrational subconscious feelings of fear or anxiety, a sense of guilt or of being undeserving of good fortune, or a compulsive need to be self-sacrificing.

Another disorder that involves a measure of financial avoidance is excessive risk aversion, or an irrational unwillingness to take any risks with one’s money.

**Compulsive Buying Disorder**

If overspenders are often worried about money, compulsive shoppers are constantly consumed by their money worries. Ironically, one of their only escapes is the act of shopping itself and so they obsess about it, experience irresistible impulses to do it, and lose control of their spending.

### Relational Money Disorders

The disorders in this category—financial infidelity, financial incest, financial enabling, and financial dependency—claim multiple victims. People with these disorders are often secretive or dishonest about money, even with their loved ones.

Enablers promote and dependents absorb a sense of money as a mysterious and pervasive influence, and both are prone to hide the extent of their giving and receiving from others out of a sense of shame or guilt.

When secrecy or dishonesty over money persists in a relationship, it can become the disorder we call financial infidelity: deliberately and surreptitiously keeping a major secret about one’s spending or finances from one’s partner.

With money being the number one cause of marital conflict and the number one cause of divorce in the early years of marriage, couples simply cannot afford to be financially unfaithful. If you are the partner of someone who is engaged in acts of financial infidelity, it’s important to look at your own behaviors as well. Many times, financial cheaters feel the need to lie about or hide perfectly reasonable expenditures because they are married to a financial bully—someone who uses money to control and intimidate his or her partner.

Yes, the term is shocking—and so are the consequences. *Financial incest* is a phrase we’ve coined for describing what we’ve seen in a significant number of clients: using money to control or manipulate one’s child or to satisfy some adult need.

Financial enabling involves an irrational need to give money to others, whether you can afford it or not, and even when it is not in the other’s long-term best interest; having trouble or finding it impossible to say no to requests for money; and/or perhaps even sacrificing your own financial well-being for the sakes of others. The classic example is parents financially taking care of their adult children who should be able to support themselves, often to the detriment of both parents and

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children. This seems to be a growing issue, in part because the baby boomers have more disposable wealth than earlier generations, and in part because we live in a society where a prolonged adolescence is becoming more and more common.

Financial enabling often results from scripts that equate money with love. Financial enablers use money in an attempt to assuage guilt over past wrongs or slights, to feel close to others, and to continue feeling important and useful.

“Prince Charming” money scripts, which we introduced when we talked about the role of gender in shaping our money scripts, are rooted in the belief that a “higher power”—be it a knight in shining armor, the government, the lottery, or a benevolent universe—will swoop in and save the day. Many people choose to remain financially dependent on others because it protects them from having to take on their own financial education, preparedness, and planning.

BEATING YOUR MONEY DISORDERS

Money disorders arise from unfinished business related to past painful events and relationships connected directly or indirectly to money. If you’re suffering from a money disorder, lasting change must include resolving unfinished business related to the traumatic event or events you experienced. This resolution will not only allow you to make good use of sound financial advice and planning, but it will also help you to rewrite the scripts from your past to live more fully in the present.

Rewrite your money script in a new, positive way. Once you’ve created your money mantra, you have a conscious statement to counter your original unconscious money script. Write it on a card and carry it with you. When thoughts, feelings, or situations trigger this money script, pull out your card and recite your money mantra.

Repetition can actually alter the physical structure of your brain. The new information creates new pathways, and repetition strengthens those new pathways, just as repeated traffic across a field or lawn packs down the earth to mark a trail. Gradually, these new pathways will become stronger and dominant, while the earlier pathways laid down by your financial flashpoints and the original money scripts fade away. This allows you to change your automatic thinking and habitual behaviors, and create the life you want.

Here we’ll identify several general principles that will help you support and sustain your daily efforts.

• Keep things in perspective.
• Invest in your relationships.
• Focus on the present. Take a break from ruminating about your past and worrying about your future. Make an effort to spend time living in the moment.
• Get moving. Regular exercise is one of the quickest ways to improve your mood, clear your mind, and give you energy to tackle your problems.
• Turn off the TV. Unhappy people watch more TV than happier people.
• Make an effort to help someone in need. Acts of generosity, such as volunteering your time for a worthy cause or engaging in community service, will have a positive effect on your mood and outlook.
• Spend some time counting your blessings.
• Stay positive. Ultimately, the deciding factor on how stress will impact our emotional and physical health is our attitude.
• Embrace the opportunity for self-growth. With patience and self-reflection, our most painful experiences can become our most valuable opportunities for growth.
• Know when to seek help.

Just about everyone on the planet is worried about money these days. But the silver lining to all this is that the financial meltdown has really forced all of us—as individuals and as cultures—to take a long, hard, honest look at our relationships with money.

The current economic crisis, with all of its fear, uncertainty, loss, and pain, is a wake-up call for the world. In our insatiable hunger for more money, larger cars, and homes we could not afford, we abandoned reason and mortgaged our futures in an attempt to get something that money and possessions can never provide—a sense of connection, a sense of wholeness, a sense of belonging. But 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.
**ACTION STEPS**

Get more out of this SUCCESS Book Summary by putting what you’ve learned into action. Here are a few questions and thoughts to help you get started.

1. Listen to your body. The authors recommend meditating every day to better understand your mind-body connection. Doing so will help your rational mind recognize and handle perceived financial “threats.”

2. Read through the “Money Disorders” section again. Do you recognize yourself in any of these categories. Write down the “scripts” you tell yourself regarding money.

3. Once you’ve written down your existing script, question it. Ask: When is the script accurate? When is it inaccurate? How can I use these insights to write an expanded money script?

4. Write your new, positive money script on a card that you can carry in your wallet. Repeat the script several times daily.

5. Turn off the TV. Unhappy people watch more TV than happier people.

6. Count your tangible and intangible blessings. What are you thankful for right now?

7. Take the focus off yourself by helping someone else. Remember that help can come in many forms—from spending time with a lonely neighbor to teaching someone a new skill.

**About the Authors**

**Brad Klontz, Psy.D.** is a clinical psychologist and addictions specialist as well as an internationally recognized expert in financial psychology. Co-founder of Your Mental Wealth and CEO of Klontz Consulting Group, Brad Klontz provides performance coaching and consulting and is also a highly recognized motivational speaker. In 2009, he was awarded the Innovative Practice Presidential Citation from the American Psychological Association. In addition, he is a blogger for PsychologyToday.com.

**Ted Klontz, Ph.D.**, also co-founder of Youth Mental Wealth and President of Klontz Consulting Group, is a psychologist in private practice in Nashville, Tenn. He provides financial planning advice to professionals, individuals, couples and organizations.

The father-and-son team are internationally recognized experts in the new field of financial psychology and have appeared on ABC’s 20/20, Good Morning America, and The Today Show.

**Recommended Reading**

If you enjoyed the summary of *Mind Over Money*, check out:

*The Total Money Makeover: A Proven Plan for Financial Fitness* by Dave Ramsey

*The Secret Language of Money: How to Make Smarter Financial Decisions and Live a Richer Life* by David Krueger

*Wired for Wealth: Change the Money Mindsets That Keep You Trapped and Unleash Your Wealth Potential* by Brad Klontz, Ted Klontz and Rick Kahler