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YOUR RELATIONSHIP WITH MONEY

(This is an Extract based on our Book "Twenty Things You Need to Know about Managing Debt")

In this extract, I cover the following:

- Your hidden feelings about money
- Your relationship with money
- What you learn about money from your parents

At the end of this extract, I'll be asking you to fill in a short questionnaire about your parents and money.

OUR PARENTS INFLUENCE OUR ATTITUDES TOWARDS MONEY

For the past 25 years I've viewed, discussed and designed hundreds of financial plans.

One aspect of financial life that each plan analyses is the client's relationship with money. I've noticed a pattern:

"Our parents influence our attitudes more than most realise."

Let me explain. Money is more than paper and coins.

It has many hidden meanings and can allow you to feel:

- loved
- cared about
- competent
- safe and secure
- accepted
- acknowledged
- satisfied
- empowered
- protected

These are basic, strong feelings and urges.

Here is the story of Simon,

USING MONEY TO FEEL APPRECIATED

I have a friend called Simon who uses money to feel appreciated. Whenever he has a bad week he will try to feel better by buying a new item of clothing. When he walks into a clothing store, the staff members' smiles are genuine because they know a sale is guaranteed. Simon may try on fifty items and turn the store upside down but he will buy something.

The problem is that he does not have the finances to support so many bad weeks. Many of his purchases are made at the expense of the week's food budget.

Over the years Simon has seldom lived through one month without someone demanding that he pay an arrear account. Yet, there are people who earn less than half of what Simon does who save. They are debt-free, and sleep well at night

My friend has a painful relationship with money. It seems that he will spend his life trapped in a cycle of debt.

DAMAGED RELATIONSHIP

Simon has a damaged relationship with money. He needs to understand what money represents in his life before he will be able to control his finances.

TWO ISSUES TO FACE

1. Your Relationship with money
2. We learn about money from our parents

1. YOUR RELATIONSHIP TO MONEY

In the Christian Bible, St Paul speaks of the love of money as being the root of all evil. Some have unfortunately interpreted this to mean that money is evil. However, this is not the intended meaning. St Paul is commenting on those who place money in the centre of who they are.

WRONG ATTITUDE TOWARDS MONEY

When I first realised I had more money than most, guilt set in. To compensate I was eventually paying one staff member more than I was earning. I met every charitable request with a positive response and found that the same friends constantly asked me for money

It took a while for me to realise that I was not helping my friends solve their problems; instead my dysfunctional attitude towards money was perpetuating their problems.

By that time I was up to my neck in debt.

2. WE LEARN FROM OUR PARENTS

Our parents teach us social interaction. They help us develop values, and teach us about money. Sometimes we learn from them unconsciously. Read Mary's story below.

FEAR OF NOT HAVING ENOUGH MONEY

Mary will retire soon. Growing up, Mary's father was the only bread-winner in the family. Mary's mother was completely dependent on him for household money. Whenever Mary's mother went shopping, she took Mary along

At the teller, she would hold Mary's hand. As the total cost approached the amount of cash she had in her purse, she would squeeze harder and harder and harder. At the end, if she had enough money to pay for the supplies, she would give an audible sigh of relief and Mary's sore hand would be released.

Mary told me this story 40 years after these events. She became animated and I could hear her frustration and feelings of helplessness coming to the fore once more.

Her anger toward her father for not releasing more money for supplies is as strong today as it was 40 years ago.

FEAR OF NOT ENOUGH MONEY

Mary may have grown up. However, her attitude towards money is stuck in a time warp. It's still governed by a fear of not having enough. Even though Mary has enough, her approach is that of the little girl she once was, standing at the till and hoping the amount demanded will be less than the amount in her purse.

This lesson may have its advantages, but what happens if the fear prevents Mary, or you, from taking some risks and living closer to the edge?

Read Paul's story below to understand why he couldn't save towards emergencies.

PAUL'S FEAR OF BUDGETING

During the past two years Paul's income increased by 30% per year. However, he is still unable to set up a debit order of R500 pm towards an emergency reserve. Money comes and goes and a large slice of it goes on restaurant bills.

When Paul and I discussed his experience of growing up, he told me he had lived with an aunt who depended on a government disability grant for survival. Whenever the allowance arrived they ate like royalty for a week. For the next two weeks the meals were less elaborate and for the last week of the month, bread and peanut butter were the first and second courses. His aunt never budgeted or tried to stretch her allowance to cover the food for the month.

REPEATING CHILDHOOD PATTERNS

Financially, Paul is still that little boy, repeating the patterns of childhood. Nowadays he lives like royalty for the first week of the month; yet for the last week he needs a credit card for essentials. No wonder he finds it difficult to budget.

KYLE'S STORY

Read Kyle's story below and think about careful budgeting.

BUT I STILL HAVE MONEY LEFT

Kyle is a 12-year-old boy who is under our care. He places a third of his weekly pocket money aside for savings. In addition he recently added to this the cash he had earned at the business day organised by his school.

I noticed that when Kyle plans his weekly shopping, he buys chocolates, biscuits, and milkshakes. He never ends up with more than five cents in change.

Armed with all his savings, Kyle went off this year to do Christmas shopping. He came home with bags of gifts and this conversation followed

Nico: Have you finished shopping?

Kyle: No

Nico: Whose gifts have you not yet bought?

Kyle: No one. Everyone on my list has a gift

Nico: So why have you not yet finished shopping?

Kyle: Because I still have R300 left

YOUR RELATIONSHIP WITH MONEY

Why are we telling all these stories? We are trying to help you think about why you handle money the way you do.

- What has influenced your relationship with money?
- Do you need to buy yourself a new pair of shoes every time you feel depressed?
- Does a restaurant meal make you feel empowered?

Your drive to spend may be stronger than you realise.

SHORT QUESTIONNAIRE

During our next meeting we'll be asking you to fill in a short questionnaire. It will ask you some questions about your childhood. Hopefully allow you to understand how you came to the beliefs you hold on money.

Have fun with the questions.

They will help us in the weeks ahead.

We look forward to:

- Helping you create a good financial plan
- Developing long-term strategies for managing your money
- Dealing with emotions and issues arising from your attitude towards money.

YOUR PARENTS AND MONEY

We learn far more from our parents than we realize

1 How did your parents handle money? What disagreements did they have?

2 Did your family have significant financial problems or good fortune during your childhood? Please give examples. Were you richer or poorer than your friends? Please give some details about your attitudes towards being richer or poorer.

3 How do you handle money in comparison to your brothers and sisters? Please give your reasons why.

4 Could you talk about money with your parents when you were a child? How about now? Please give reasons for your answers

5 What's your most significant memory about money? Please give details if you can.

6 Did your mother choose to work, or did she have to? Please give details here.

7 How did you pay for your college education after school

8 Did you parents teach you how to handle money? Please go into detail.

9 What lesson did you learn regarding money?