

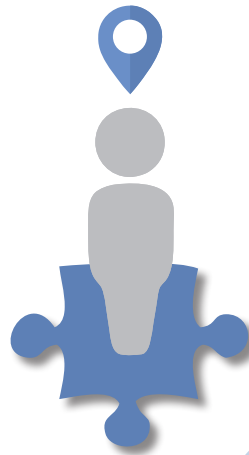


# NORTHWOOD

Financial Services cc

Authorized Financial Services Provider No. 13296

## YOUR RELATIONSHIP WITH MONEY



During our next meeting we will discuss:

- Your attitude and feelings about money
- Your relationship with money
- What you have learned about money from your parents.

Please read this background document and complete and return this to us before we meet.

## *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 we 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
- Accepted
- Acknowledged
- Satisfied
- Protected
- Empowered
- Safe and Secure

These are basic, strong feelings and urges.

Here's a story about 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 doesn't 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

- Your relationship with money
- We learn about money from our parents

### *Your Relationship with 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 that 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 financial problems; instead my dysfunctional attitude towards money was perpetuating their problems. By that time I was up to my neck in debt.

### *We Learn About Money 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*

“ 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 tiller 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. ”



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 per month 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.



## Does Budgeting Scare You?

### 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

*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 earned at the business day organised by the 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?

No.

Whose gifts have you not yet bought?

No one. Everyone on my list has a gift.

So why have you not finished shopping?

Because I still have R300 left.



Kyle

## *Your Associations 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 make you feel empowered?

*Your drive to spend may be stronger than you realise.*

# Your Parents And Money Questionnaire

During our next meeting we will discuss the following short questionnaire, so please complete it beforehand. It asks some questions about your childhood, allowing you to understand how you came to the beliefs you hold around 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.*

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

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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 feelings towards being richer or poorer.

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

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

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

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

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7. How did you pay for your college education after school?

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

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Before proceeding to the next questionnaire, take some time to think about your answers above. Would you like to break your current habits and take accountability for your finances? To be objective in the way you handle money? To be in control by learning through an interactive coaching relationship?

When trying to understand your relationship with money, we will firstly define the relationship, then review what you have done, design a new plan with you and once you are satisfied we will implement it.

## *Moneymax Questionnaire*

In the above questionnaire, we got to understand your relationship with money. The following questions contain some statements that we could use to describe your attitude about financial decisions.

For each statement, place an X in one of the boxes after the statement which best describes how much you agree or disagree with that statement.

Please do not leave any questions blank. It is important that you answer every question, otherwise we will be unable to determine your Moneymax Profile.

The outcome of this will be a booklet which will help us to determine what risk you feel comfortable with.



STATEMENT	AGREE		DISAGREE	
	STRONGLY	SOMEWHAT	STRONGLY	SOMEWHAT
1. I usually get depressed after making a financial decision.				
2. I spend my money whenever I'm frustrated or angry and it releases the tension.				
3. People can always make money if they learn more about it.				
4. I would like to play an important and active role in managing my investments.				
5. Saving my money generally gives me greater satisfaction than spending it.				
6. I enjoy the feeling of "thrill" associated with gambling.				
7. I often reflect on my past financial results of decisions before I proceed.				
8. I feel there is no such thing as luck where money is concerned.				
9. I feel panicky when I have to make a financial decision I wasn't expecting.				
10. If people try hard enough, they will usually reach their financial goals in life.				
11. I like to be highly involved in my investments and financial projects.				
12. I'm not looking for a secret way to get rich – I'm quite satisfied with the money I have.				
13. I feel it's a good idea to save my money instead of spending it.				
14. While making financial decisions, I think about recent past financial decisions.				
15. The fact that chance or luck plays a significant role in my wealth is impossible for me to believe.				
16. I am driven to acquire prestige with my money.				
17. All in all, I am inclined to feel that I am a financial failure.				
18. Most people are basically honest when it comes to money.				
19. I wish financial decisions did not bother me so much.				
20. I live within my financial means and am content with what I have.				
21. I feel that I don't have much to be proud of as far as financial success is concerned.				
22. I would like my financial pursuits to buy me fame.				
23. Most people will act as "Good Samaritans" with their money if they are given the opportunity.				
24. I want to use my money to become an important person in the community.				
25. I spend my money when I'm happy and it makes me feel better.				
26. People can be as successful with money as the time they're willing to devote to it.				
27. I have as much money as I need to be happy.				
28. Most people do not hesitate to go out of their way to help someone in financial trouble.				