

Your Money Personality: Know Your Financial Habits

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When it comes to taking control of your money, the best advice is to “know thyself.” How we handle money, earning it, spending, saving, giving, borrowing – largely reflects our attitudes toward money. Someone who is uncomfortable or afraid of money, for example, may be less apt to take the necessary steps to invest for long-term goals. Another person may believe that money brings happiness or power, and will therefore take unwarranted risks with investments or spend money impulsively. Money colors our relationships with our spouse, children, friends and co-workers. In fact, conflict over money is the number one cause of marital strife!

We need to control money instead of letting it control us, and we can do that by understanding our attitudes and values. The following is a series of questions about your basic attitudes toward money. There are no right or wrong answers! They are intended to stimulate your thinking about how emotions affect your use of money and your current financial situation. If you are married, sit down with your spouse and go through the questions together. Find out how each of you perceives the other person’s money personality.

How did your parents handle money? Children take many of their cues about money from their parents into adulthood. Did they budget, save and invest wisely? Or, did they spend like there was no tomorrow? Did they fight about money? You may be just like your parents, or you may go in the opposite direction, but either way your personality takes root in your upbringing.

Do you worry a lot about money? Worry and fear can prevent people from taking actions to save, reduce debt, pay bills or invest.

Should the person who makes the most money in the family have the most say about how it is spent? Money squabbles in a marriage often reflect deeper and conflicting attitudes toward independence and sharing.

Is money more important than sex? A Worth magazine poll found that 40 percent of those surveyed thought more often about money than sex (13 percent).

Do you spend money to feel better when you’re depressed? This behavior can run up huge debts, and spenders feel even more depressed over the fact that they’re in debt.

Are you afraid of investment risk? Fear of making the wrong investment can immobilize you from making wise investments.

Do you see money as the root of all evil? Popular misinterpretations of wise sayings can lead to unwise actions.

Do you prefer to spend money on luxuries or practical items? There needs to be a balance because you can be foolish on the one hand or unnecessarily miserly on the other.

Do you trust or distrust others with your money? A strong distrust or obsessive desire to control your financial affairs can undercut efforts to seek professional advice from a Certified Financial Planner™, CPA, or other financial experts. Excessive trust may open you up to scams or poor financial advice. Experts still have much to learn about the psychology of money. But just being aware of your attitudes, emotions, and goals regarding your finances can help you take charge of your financial life.