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GETTING HEALTHY

ABOUT MONEY



**YOUR MONEY
MINDSET**

Getting Healthy About Money – Your Money Mindset

As a kid, you absorbed experiences and lessons through the adults in your home or school, often just by things you overheard. You weren't in a position to determine whether those lessons were going to be helpful or destructive to your future – they were just normal events in your life.

You may have seen your friends go on fun family vacations or had friends who wore patched hand-me-downs and arrived at school in rusted 20-year-old cars. This is about the time you begin to judge who has money and who doesn't.

The messages you heard as a child from your parents might influence how you feel about each of these people. For example, if you were told that rich people are selfish and take advantage of others, then the friend who shows up at school in a brand new car has fallen lower in your opinion.

These lessons we've all learned throughout our lives affect how we think about money. If money was openly discussed in your home as a kid, you probably have a healthy relationship with money. Someone who grew up in a home where money was never discussed or was a source of conflict will have a poor relationship with money.

Our attitude is formed early and often sticks with us our entire lives. We bring our money mindset into adulthood. Even if you have success, you may feel uncomfortable with your wealth if you grew up with lack.

Determining your money mindset is vital in how healthy your relationship with it is. It's how you know you're heading in the right direction and how you feel about wealth.

If your money mindset isn't healthy, you may be living way below your means. For example, you may not have a healthy savings or you may be living paycheck to paycheck.

25 Percent of Americans who are making at least \$100,000 a year are living paycheck to paycheck.

33 Percent of Americans making \$75,000 or more live paycheck to paycheck. (Source: [CNBC.com](https://www.cnbc.com))

People say a lack of financial discipline holds them back from achieving their money goals.

If you have the scarcity mindset, you might be wrecking your finances and don't even know why. The scarcity mindset comes from focusing on everything we lack. You focus on what you can't do, missing key opportunities for growing your wealth.

There are many money mindsets that you can have. In this guide you'll find out what they are and how you can change them.

Do you know what your money mindset is? Here are a few clues to get you started:

1. Does money cause you uneasiness?
2. Are you happy with your life?
3. Did you consider yourself rich or poor growing up?



4. Was money a source of conflict growing up?
5. How do you see yourself? Are you successful or struggling?
6. What are your earliest memories around money?
7. Are you able to talk about money comfortably?
8. How would you best describe how you feel about wealth?
9. Does money play a central theme in your thinking?
10. What is your level of stress around money?

Think through your answers. It's a good indication that your money mindset is poor if your answers indicate anxiety and discomfort. If they give you comfort and ease, your money mindset is supportive of living a satisfying life.

As you'll discover throughout this guide, you and you alone are in charge of your money mindset. You decide whether you want to change it, modify it or strengthen it. Are you ready to change your money mindset for the better?

Why People Have Trouble with Money

Most people don't even realize that the way they think about money determines how they live. For example, you may believe you can't live on \$2,000 a month or \$5,000 a month or whatever amount. The fact is you've set this as the limit you can earn by thinking this way. What money mindsets are holding you back?

- **Not depriving yourself.** We want things right now. We think we NEED to have the latest smart phone today. Why not? We work hard for our money, so why can't we have the latest and greatest thing? The desire to have it is more powerful than the habit to save for it.
- **Budgeting is too hard or too much work.** For years we've been led to believe that it can be painful and time consuming to budget. Managing your money wasn't fun.
- **Poor role models.** It's human nature to follow the same course as our parents and other role models. If your parents were terrible with money, you probably learned their bad habits. Like any habit, you can change it.
- **Not knowing where money is going.** Like putting your head in the sand, not knowing where your money is going can leave you floundering in debt or keep you from growing financially. In business it's referred to as bad bookkeeping.
- **Live in the moment/ keep up with the Jones's.**



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According to a recent Federal Reserve survey, 31% of working people have no retirement savings. And many who have little or no savings are completely focused on living in the moment. One reason for this is they are trying to keep up with the Jones's or Kardashians. These people believe buying things will make them happy or that they need to keep up with their neighbors.

- **Bad luck.** Not everyone that is in a lousy financial situation have bad habits. Sometimes they just have bad luck or irresponsible families they are constantly bailing out. Medical bills are a big reason for bankruptcy in the United States, even for those who have health insurance. Often huge medical expenses can eat up your savings.

These money mindsets can keep you from having a healthy relationship with your money. The good news? These are habits that can be changed.

What behaviors to look for

As many of you know, bad money behaviors can be extremely hard to change. Even when you want to build your savings or stop splurging, impulses and old routines can take over.

If you're ready to change your money mindset, there are several behaviors you should be aware of in yourself.

- **Here and now.** This is the habit that "I have to have it now" and the "I can always start saving tomorrow" mindset. When you catch yourself ogling the newest gadgets, take a few days or weeks to think about it before you purchase it. Ask yourself how many hours of work you'd have to do to pay for it or what you could do in retirement with that money.

- **On the paycheck to paycheck treadmill.** Living the paycheck to paycheck lifestyle is a habit that often comes from being overextended or buying more than needed. You already know if you live paycheck to paycheck. To break the habit, you have to learn to get rid of extra expenses and stuff and begin saving.

- **Upgrading lifestyle.** Are you continually increasing your standard of living as your income increases? This mindset has you taking out a loan for a home or car you can't afford. Instead of upgrading every time your income increases, consider changing your thinking into how adding the increase to your savings will change how you feel.

- **Never take risks.** A poor money behavior is the fear of a risk on investments or other financial decisions. Taking is necessary for making your dollar stretch further. Mistakes along the way help you build confidence in challenges.



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- **Scarcity or the either/or mentality.** Having an either/or mindset keeps you from trying anything or taking risks. The scarcity mindset revolves around the idea there's not enough to go around. You think there's only so much money in your paycheck and if you don't spend it now, you'll lose it or only some are allowed to have more. When you catch yourself thinking like this, remember there is always enough for everyone.

- **Not learning something new.** This mindset is the unwillingness to learn anything new about your finances or learning to manage your finances. It means you won't know your credit score when you try to get a home loan. You don't have a grip on day-to-day spending. One way to break this habit is to get familiar with your finances every day. Check your bank statements. Know where you are spending and what is coming in. Take a financial management class or read books to help learn how to manage your money.

- **Not seeing the big picture.** Wealthy people know wealth is more than a big paycheck. It's about their net worth. That means in the long run, you want to be saving and investing for the future. If you find you have this mindset behavior, you have to learn to curtail spending, pay off debt and begin investing.

- **Own worst enemy.** This mindset means you don't advocate on your own behalf in money matters. You can become a target of predatory lenders, shady used car dealers and other scams. If this behavior feels all too familiar, you have to start putting up a fight, making waves, and following up aggressively so you are taking charge of your finances.

Money behaviors are just habits learned over a lifetime. To combat them you have to be aware of the behavior and diligently work at changing the behavior. Everyday be aware of how you are thinking about money. Do you catch yourself with a scarcity thought or are you living paycheck to paycheck? Confront these thoughts and take steps to start making changes.

How to Shift your Money Mindset

Everyone can have a bad day with money. But when you have poor money mindset, every day can be a pain. To get over this way of thinking you have to learn to face the fear of what's keeping you repeating the same money behaviors over and over. You have to learn to shift your mindset to a more abundant or healthy one.

Changing your mind isn't always easy. In fact, it can seem down-right impossible. It is possible, though, and you can start by following these 4 steps:

1. **Be aware of your thoughts** and what your money challenges are. Look at them for what they are. It's okay to have bad feelings during this step. It helps us want to make changes.
2. **Accept what you're feeling.** It means you're giving yourself permission to open the door to accepting how you feel: guilt, shame, greed, anger or frustration. It's natural to feel resistance to these emotions. But it allows you to think more objectively and accept what we are resisting as an emotion. Acceptance lets you see how important it is to understand your feelings about money.
3. **Allow change to occur.** Getting the emotions out of the way allows you to take a step back and shift your attention to what is causing the feelings. That way you can recognize your money behaviors.
4. **Take action** by setting up a budget or diving into investing or taking a class to educate yourself on financial planning and management.

Once you've taken inventory of your money behaviors and the feelings they give you, you can begin to change your poor mindset to one of abundance. An abundance mindset, as opposed to a poverty mindset, is a crucial part of how you live and lead your life.

Here are some ways to create an abundant mindset.

- ✓ **Appreciate what you already have.** To quickly move from the normal habit of thinking what you don't have is to appreciate what you do have. Appreciate your food, your life, your home, family, friends, pets, job, health, and so on.

- ✓ **Keep a gratitude journal.** This is along the same lines as the previous post. Every day spend time every day writing down what is going well in your life that you are grateful for. Try to write down ten things each evening before going to sleep. This lets you realize you have many good things in your life.
- ✓ **Mantras.** Turn your scarcity into a wealth mindset by repeating a mantra each day, several times a day. Write down your mantra on a sheet of paper, post it note or index card, keeping it where you will see it. It can be as simple as “I am abundant in every way.” Say it out loud several times a day for a few days.
- ✓ **Look for positives in every loss.** It’s inevitable. Life will deal you a bad hand occasionally. When that happens, don’t let scarcity mindset whisper how unfair life is or how someone else is luckier than you. Instead think of the positives you get from the experience.
- ✓ **Build your knowledge bank.** Changing your poor mindset to a healthy money mindset requires you to educate yourself about money and build a positive relationship with it. You can do this by reading books, watching videos, attending seminars and talking to experts, as well as always knowing where your money going and how you are investing it.
- ✓ **Spread the wealth.** Donate money, time and possessions to others in need. By sharing you begin feel good about what you’ve done by improving someone’s life. You find you don’t miss the money you shared and people will begin sharing back with you.
- ✓ **Organize your home and your life.** Getting your possessions, your time and your money organized lets you begin to see how wealthy you are.
- ✓ **Believe you deserve to be rich.** This is a huge mindset shift for many. The money is out there for everyone to grab. Believing you deserve to be rich changes your actions to ones that make it happen. Go from “Why me?” to “Why not me, too?”
- ✓ **Stop comparing yourself to others.** When you have a scarcity mindset, you think the only thing that matters is how you compare to others. The opposite is true in a healthy money mindset. What matters the most is how you compare to yourself. Social media makes this difficult. Cut back on Facebook and other social media forms if you constantly compare yourself to others. Focus on what you can do, instead, right now to make your life what you want.
- ✓ **Get rid of excuses.** Don’t make excuses for your money problems. Instead, figure out what you need to change, whether it’s a belief or a habit.



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Changing your money mindset from one of scarcity or lack to one of abundance means you will have to work at it every day. You have to be aware of your thoughts, your feelings and why you do certain things. Your behaviors and habits can be changed for a healthier money mindset.

Tips for managing your money

Now that you know why your money mindset affects how you live and ways to make it more positive, you are probably ready for some ways you can manage your money better. Let's dig into some tips for spending, saving, budgeting and investing all that money you are going to be seeing.

Spending

- **Use Cash.** Put cash in envelopes for each spending category in your budget. Spend only cash. goes along with doing a monthly budget.
- **Make shopping harder** by deleting bookmarked hopping sites from your computer, getting rid of catalogs by calling the toll-free number for each one be removed from their mailing list.
- **Remove all but one credit card** from your wallet. Cancel the others or put them away in a drawer.
- **Cut out convenience foods.** Eat fresh foods such as carrots and almonds for snacks.
- **Bring your lunch to work.** You could save \$150 or more a month.
- **Plan your meals** for the week or month before you go shopping.
- **Buy quality when it counts.** The cheapest option isn't always the best option. Spend more on quality clothes that will last.



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Saving

- **Create an emergency fund.** This keeps you from being tempted to use credit cards or payday/title loans in an emergency.
- **Make your savings goals feel real.** What do you want or need? Make appealing goals so that putting aside money from your paycheck is more pleasant.
- **Open a 401(k) retirement account** if your employer offers one. This is one of the easiest and smartest ways to save for the long term.
- **Start a savings fund** for immediate needs. This could be for things like your next vacation or a remodeling project you've been wanting to do. Have a specific amount moved from your checking account into a savings account specifically for these needs.



Budgeting

- **Write down every penny you spend for 30 days.** That gives you an idea of what you are spending each month so you can begin a monthly budget.

- **Pay your monthly bills on time to avoid late charges.** One way to keep track of when they are due; use a “Bills” calendar to keep you organized. Or pay bills as soon as they arrive.
- **Categorize your spending.** At the end of your money tracking month, create basic categories like food, shelter, savings and clothing. Allocate expenses according to your spending tracker. Break out certain areas like eating out into more detail categories like daily coffee, restaurant meals, and take-out, etc.
- **Divide the money** in ways that are the most satisfying, making sure you provide for the necessities. Maybe you want to spend more at cultural events like concerts. Then you need to be willing to forgo something else, like your daily latte.
- **Use an online money-tracking program**, like wesabe.com or mint.com. These sites let you link one of the programs to your bank and credit-card accounts. The program then automatically inputs your spending activity from those sources and categorizes it for you.

Investing

- **As your savings start to grow**, you can begin investing by putting more money into your pension.
- **Review your needs**, how much you want to risk and your goals you want from your investments.
- **Consider how long you can invest** before you need to get your money back. Different goals will have varying time frames and affects the type of risks you can take.
- **Make an investment plan** to help you identify the types of product that are good fit for you. Start with low risk investments like Cash ISAs. Then, add medium-risk investments. Higher risk investments should only be considered once you’ve built on your low and medium risk investments.
- **Diversify** by spreading your investment risks among different types of investments and sectors.
- **Decide how hands-on you want to be.** Invest in a good financial advisor if you need to.
- **Check the charges** of using a stock brokering service as well as financial advisors.



Managing your money begins with your mindset. While you’re getting that under control you need to learn how to manage your money in all areas including your spending, creating a budget that will work for you, saving for the short and long term and building your net worth with investments.

Next Steps in Having a Healthy Money Mindset

Really, your money mindset comes down to how you think or have been taught to think about money. Creating a healthy money mindset means changing those habits and thoughts that are sabotaging you.

The use of affirmations, visualizations and other techniques can help change your self-limiting attitudes to better thoughts about money. Changing your money mindset can be the key to changing your financial future.

I've noticed over the past several years that some people seem to have a natural knack for making and saving more money than others. Were they just lucky? No. Most of them worked for their money like the successful business owners I know. The reason they were successful was their mindset. They believed they deserved it, they learned to save and they weren't afraid to take risks and make investments.

They'd built relationships with everyone they encountered. They'd learned to use networking to get where they wanted to be. They educated themselves on what they wanted to invest in and on how to manage their money.

Here are some of the key points that make up the money mindset.

- ✓ You're mindful of the long term. You think about ways you can add as much value as possible to others first.
- ✓ You know you deserve what you've earned. You don't have an entitlement attitude.
- ✓ You believe you deserve to be rich. There is enough for everyone. Your actions make it happen.
- ✓ You discover the value of a product or service before you spend a dollar. You are very value conscious. You are careful with spending your money on the average purchase. You ask whether one dollar spent might return more in the future.
- ✓ You shop around for the best deals. You buy things that are more valuable than what you pay for it.
- ✓ You know that every dollar you spend today is that much less that can grow in the future. You are frugal and hate spending too much. Compound growth is what fuels your spending.
- ✓ You optimize your taxes. You look for ways to reduce your taxes by figuring out the most tax friendly way to make money such as passively, with dividends or some other way.
- ✓ You don't use excuses. You either make it happen or you fail. No excuses why you fail. You just figure out why you failed and then try again.

You can take control of how you think about money. By changing the habits, behaviors and thoughts you were taught all your life, you can begin to see changes in your money. Having a healthy money mindset is key to living an abundant and fulfilling life.

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