



Amidst Stay-At-Home, Learn Money Mindfulness

Using money to enhance your life and the lives of those around you

Money matters are complex and even scary. How you choose to approach finances mentally is key to mastering them.

Financial advisors call this “money mindfulness.” And it’s a mentality that can be worked on while we’re following the current “stay-at-home” orders of our local and federal government.

It is difficult to deal with your finances on your own because the technical aspects can be bewildering. Investment options, taxes, interest rates and securities transactions in general are overwhelming for folks outside of the finance industry. Few of us understand the math necessary to handle our own money, even at a minimal level.

Plus, there’s a real element of danger about finances. Nearly everyone has been ripped off at some point. Many of us are wary of trusting anyone, even family members, with our money.

It Starts with Our Behavior

But the most difficult money problems stem from our behavior. Some people are compulsive shoppers who spend every dime they have and then run up credit card debt when the checking account is empty. This can be so extreme that it resembles a devastating addiction. Often these people are in denial, thus not even aware of what is going on, which is a common phenomenon among addicts.

Then there are others who hoard money, sometimes compulsively. This obsession drives every decision. They may spend many hours counting their dollars and lecturing family members about spending too much. They never have enough savings to feel secure and they don’t generally even know how much they need to feel financially adequate.

The Money Mindfulness Path

People with these bad habits need to adopt money mindfulness. This is an idea based on the concept that the path to happiness is more about wanting what we have than getting what we want. This entails living within your means, saving a percentage of all your income and paying your debts swiftly. When you live beyond your means, debt becomes a burden.

Spending more than you should is like trying to be someone you are not. It is very emotionally exhausting to continually fight this disconnect. If you have debt, you must put away the credit cards until you bring your spending down and pay the balances off.

Money Mindfulness is Emotional

Money mindfulness is a concept that stresses awareness without obsession, circumspection without distrust and a cultured disposition to use money effectively to enhance your life and the lives of those around you. You will notice emotional, intellectual and

spiritual assets in people who have matured to this level.

Our relationships with others, especially our parents, nurture emotional mindfulness. Childhood deprivation often develops the feeling that you never have enough money. In extreme cases, this manifests itself as hoarding or kleptomania later in life.

For most, it shows up in dithering over decisions involving money. For example, at a restaurant some people evaluate their choices by first reviewing menu prices to find the cheapest, or at least not the most expensive choice. Frankly, if you make your culinary choices based only on the menu prices, you should go to a different restaurant.

You Can Learn Mindfulness

Intellectual mindfulness must be learned. These lessons are difficult, especially for those who are not naturally good with numbers. It can be difficult to intuitively understand when an interest rate is too high or too low. This drives many people into financial destruction because they don't understand how much interest they are actually paying when they buy on credit.

Other times, they misunderstand risk in a financial product and lose their principal. As Warren Buffett notes, "Investors lose more money chasing high rates of return than they do at the point of a gun."

Some do not understand the power of compounding interest, both when investing and when borrowing. Even tiny differences in investment returns mushroom over time. A simple habit of saving \$100 every week can result in a dramatic amount of savings over a long period such as 20 years. Likewise, borrowing \$300 for a week until payday is destructive, especially when it becomes a habit. Learning this fundamental truth is essential to money mindfulness.

There is also a spiritual element to money mindfulness. It teaches us that the winner in life is not the one with the most toys at death. Real winners know how much is enough.

Of course, practicing money mindfulness is far from easy. When the problem is internal, not the result of external forces, diagnosing and fixing it is hard. As

Cassius in William Shakespeare's *Julius Caesar* says to his friend: "The fault, dear Brutus, is not in our stars, but in ourselves." This is why you need an objective third party to point you on the right path.

Don't Go it Alone

Using a trusted and knowledgeable financial advisor can help you make better decisions and improve your situation substantially over time. That's why financial advisors rely on other financial advisors in their own financial affairs. As a professional, we know it is impossible to be objective about our own money.

It is a huge weight off our shoulders to turn it over and rely on the wisdom of others. Doctors don't take out their own appendixes, lawyers don't represent themselves in court and financial do-it-yourselfers can be their own worst problem.

As the entire country grapples with the emotional challenges of the current stay-at-home orders, consider developing your own money mindfulness. You and your family will be glad you did.