

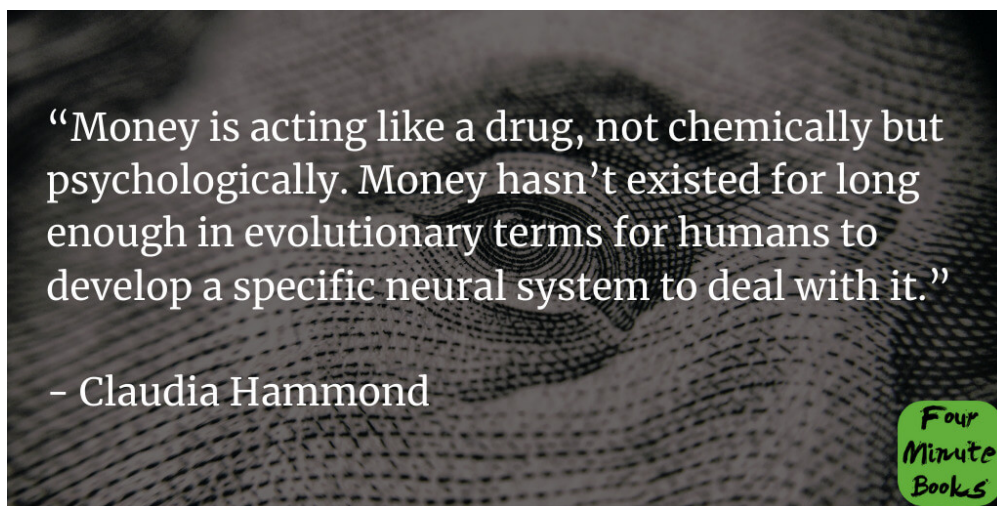
Mind Over Money Summary

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1-Sentence-Summary: *Mind Over Money* is the ultimate guide to understanding the psychology of personal finance, explaining how your beliefs about money began forming when you were very young and what you can do to make your brain your financial friend instead of your enemy.

Read in: 4 minutes

Favorite quote from the author:



Do you feel like when it comes to money you make decisions on autopilot? That it’s easy to spend freely, forget to save, and blow all of your financial goals in the process? And doesn’t it get frustrating to feel like you have so little control over it all?

Even if you think you’re generally good at thinking and choosing rationally, that all falls apart when it comes to budgeting and spending.

Don’t get discouraged though, because these beliefs and habits have taken you years to develop, which means that it will take some time to fix them. As a child, you were financially socialized just by the adults around you, which built the complicated connections you have with money today.

And now, it has the power to make you feel secure, free, and comfortable as well as anxious and shameful. Wouldn’t it be nice if you could find some discipline in all of this?

For the answer to these questions and all of your money problems, look no further than Claudia Hammond’s *Mind over Money: Overcoming the Money Disorders That Threaten Our Financial Health*.

Let's see how much we can learn from the book in just 3 lessons:

1. Your social conditioning about money began when you were very young.
2. Money may actually decrease your motivation at work.
3. Earning more might make you happier, but not after a certain point.

Get ready to get into your own head and finally see why you sometimes make crazy financial decisions! Here we go!

Lesson 1: Your beliefs about money are strong because you began developing them when you were really young.

At what age would you say kids have a grasp of the importance of earning an income? If you thought it was 10 or 12-years-old, you'd be wrong. Research shows that children at least as young as six already know about the importance of money!

A study of Finnish kindergarteners shows proof of this. Researchers gave these six-year-olds the task of putting on a play and let the children make all the decisions for it.

In the entire six weeks that scientists observed the kids, they found that money was the main topic of all their conversations regarding the event. The children talked about how much ticket prices should be and how to make extra money by selling merchandise, for instance.

Other research confirms that young people also understand how money affects social status. Researchers in another study showed kids pictures of a run-down house or a well-kept home. The children thought that the people living in the shabby house would be mean and lazy.

The point is, don't be too hard on yourself for your money woes. **You struggle not because you're a terrible person. It's hard because nobody's taught you the right way to manage your finances.**

But also remember that there is great potential in being open and honest with your kids about money from an early age! And even better is setting a good example for them.

Lesson 2: Your motivation at work can actually suffer because of money.

It might seem obvious that money can motivate people to do all kinds of things. But the research shows some surprisingly varied results on this topic.

Berry pickers, for example, don't tend to work harder with raises. Instead, their incentive to be productive skyrockets when employers start paying them by how many baskets they fill.

Doctors, bankers, and others in fields that require specific technical skillsets can even have their productivity hampered when they're given more money. That's because people in these types of jobs tend to work due to intrinsic motivation. In other words, they love the work itself.

A study where researchers had journalism students write good headlines with some being paid and others unpaid also shows how precarious the motivation-money relationship can be.

The research found that those who didn't receive any money for their exceptional titles worked twice as fast and attended brainstorming sessions more often than those who were paid.

Don't let all of this negative talk of money motivation hinder you from giving unexpected bonuses, though. It's been shown that extra money, when received as a surprise, increases motivation. But don't overdo it and make it the norm or the effects will wear off!

Lesson 3: More money might make you happier, but after a certain amount the extra income doesn't make any difference.

I cringe whenever people say they'd love to win the lottery. I wouldn't wish that curse even on my worst enemies. That's because I know the data behind people who get a big windfall like that, and it isn't pretty.

Take William "Bud" Post III who won 16 million dollars in a lottery and quickly began living the high life. It didn't last though. Five years later he was bankrupt, had been in jail, and went through six marriages and divorces! Similar downfalls are common among lottery winners.

The problem with getting a lot of extra money like this is what's known as hedonic adaptation. It's when you start to get used to something that at first was exhilarating for you.

If you were to stay in a nice hotel just once, for example, you'd love it and savor the experience. **But when you suddenly have enough cash to do so every weekend, it becomes normal and you need to constantly seek bigger pleasures to keep feeling satisfied.**

That's not to say that money isn't important to happiness, however. Talk with anyone who has lost their job or struggled to put food on the table.

Being financially stable is a critical component of staying physically and mentally healthy, but once you have enough, more money won't make you happier or healthier.

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Mind Over Money Review

What I loved most about *Mind Over Money* is that it's not your typical personal finance book. Most authors in this genre only give tips on how to manage your money, but Hammond actually dives into the psychology so you can make sense of your financial decisions. If you're the kind of person that isn't sure why you spend so much and never seem to have enough, this book is for you!

Who would I recommend the Mind Over Money summary to?

The ever-broke 37-year-old couple who just wants to make sure their kids are fed and clothed, the 18-year-old who thinks they'd be happy if they could just win the lottery someday, and anyone that wants to know how to make their mind work for them instead of against them when it comes to money.