

FINANCIAL THERAPY



**CHANGE
YOUR MONEY
BELIEFS
AND CHANGE
YOUR LIFE**

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"Change your thoughts and you change your world."

- Norman Vincent Peale

If your life is one financial challenge after another, financial therapy might be just what the doctor ordered. **Over 75% of Americans list money as their primary source of stress.**

Financial therapy is a growing field and focuses on the emotional and psychological roots of financial behaviors that create financial stress.

For example, someone that grew up in poor surroundings might hoard money and be overly frugal. Overspending can be caused by stress or anxiety.

While some issues may be better left to the professionals, there are many financial issues amenable to self-therapy. After all, many overweight people are able to lose weight without a psychologist, dietitian, and personal trainer.

By addressing the beliefs, thoughts, and habits related to your financial life, it's possible to bring about real changes.

If you're not following through on the actions that you know would increase your financial stability, your beliefs are likely to blame.

Beliefs that inhibit financial results can come from many sources:

- ▶ Parents
- ▶ Teachers
- ▶ News
- ▶ Erroneous personal observation
- ▶ Childhood trauma related to family finances
- ▶ Books
- ▶ Personal experience throughout life

The source of the ineffective belief doesn't matter. But recognizing and addressing harmful money beliefs is very important to your financial progress. Beliefs create and limit your reality.

It might only be a few faulty habits that are holding you back from the financial security that you desire.

How exciting is that?

“Realizing that our actions, feelings and behavior are the result of our own images and beliefs gives us the level that psychology has always needed for changing personality.”

- Maxwell Maltz

How Your Beliefs Create and Limit Your Financial Reality

Your beliefs are the seeds that create your reality.

Your beliefs affect your thoughts, which affect your actions, which ultimately create your life circumstances. ***Changing your beliefs can be the most powerful way to alter your life.*** Altering your beliefs changes the entire cycle.

There are several ways that beliefs ultimately alter your financial behavior:

1. **Beliefs influence your self-confidence.** The set of beliefs you have about yourself and your capabilities determines your level of self-confidence. In turn, your

confidence affects your ability to learn and apply new financial habits.

- Confidence also impacts your ability to pursue financial goals. ***If you're not confident in your ability to get results, you won't persevere.***

2. **Beliefs alter how you process information.** Scientists have found that people use new information to support beliefs they already possess, rather than to form new beliefs. If you believe that you can't save money, you'll look for evidence to support that belief.

- Information that is contrary to your beliefs is quickly discarded and ignored. This makes change especially challenging.

3. **Beliefs create limits.** It's almost impossible to rise above your beliefs. If you believe that you'll never be wealthy, you're right. If you believe you can't stick to a budget, you're right again. ***This is why it's so important to change your beliefs to viewpoints that support, rather than limit, you.***

4. **Beliefs affect results.** If you don't think you can have a pleasant retirement, you're unlikely to save or learn about the various types of retirement accounts.
- If you believe that money changes people for the worse, you won't take the steps to accumulate a significant amount.

Beliefs are the core of financial challenges. ***Enhanced beliefs lead to enhanced thoughts, actions, and results.*** Attacking your negative behaviors is a less effective route to success. Instead, focus on your beliefs and you're more likely to enjoy positive benefits from your efforts.

What are your beliefs about money?

Make a comprehensive list of your beliefs regarding money, both positive and negative.

Here are few examples of beliefs you may hold:

- ▶ I'll have to work really hard to make a lot of money.
- ▶ Making a lot of money will cut into my free time.
- ▶ I already have enough money.

- ▶ I don't need a budget.
- ▶ Money equals freedom.
- ▶ If I make too much money, my ex-spouse will take most of it.
- ▶ I wouldn't know what to do with a lot of money.
- ▶ Money makes the world go round.
- ▶ Good people don't care about having a lot of money.
- ▶ More money would solve all of my problems.

Take the time to make a complete list. You'll need it later.

There are many ways to change the course of your financial life. ***Addressing your beliefs is the most effective way to create the financial future you desire.*** With more supportive beliefs, it will be much easier to create the habits necessary to earn, save, and accumulate wealth.

“The unreal is more powerful than the real, because nothing is as perfect as you can imagine it, because it's only intangible ideas, concepts, beliefs, fantasies that last. Stone crumbles, wood rots. People, well, they die. But things as fragile as a thought, a dream, a legend, they can go on and on.”

- Chuck Palahniuk

What it Takes to Achieve a State of Financial Health

Financial health isn't just how much money you make. ***There are multiple components to financial prosperity and stability.***

There are people earning over a million dollars each year with desperate financial challenges.

The belief that income is all that matters is a limiting belief.

Do you have all of these financial components under control?

1. **Budget.** Whether you're earning minimum wage or running the most successful hedge fund the world has ever seen, a budget is important.

- Know how much you're spending and where the money is being spent. There's no way around it. The information is valuable to you and provides boundaries that ensure your financial success.
2. **An income that surpasses your bills.** If your bills outpace your income, you're going to have financial woes. The most likely long-term outcome is bankruptcy. Everyone would be wise to increase their income and lower their bills.
 3. **An emergency fund. *Life is neither perfect nor predictable.*** Sooner or later, an unexpected expense will occur. Many families are only a few weeks away from being homeless if sudden unemployment or a major expense occurs.
 4. **A minimal amount of debt.** No matter how much money you have or make, it's very easy to create more debt than you can handle.
 - Avoid debt whenever possible. Especially avoid debt to purchase items that are consumable or lose value.

5. **Controlled spending.** It's also easy to spend more than you make. Are you an impulsive shopper? Do you like to purchase items that are out of your income bracket?
6. **Saving regularly.** Are you saving a percentage of each and every paycheck? With regular saving, anyone can retire in style.
7. **Investing your savings appropriately.** Saving is great, but leaving your money in a savings account is less than ideal. Do your investing activities address your needs? Are you saving for retirement?
8. **The necessary insurance to prevent financial catastrophe.** A serious illness, fire, or death can derail the best-laid plans.

Look back at your list of beliefs and note which of the above items are influenced by your beliefs. You'll probably have several additional beliefs to add to your list now.

Remember, earning a lot of money is a great advantage, but it's not sufficient on its own to ensure financial security.

“If people are failing, they look inept. If people are succeeding, they look strong and good and competent. That's the 'halo effect.' Your first impression of a thing sets up your subsequent beliefs. If the company looks inept to you, you may assume everything else they do is inept.”

- Daniel Kahneman

Negative Money Beliefs

Consider your list of your money beliefs. It's necessary to recognize which beliefs are negative and which are positive. Positive beliefs are those that allow you to positively affect the 8 components necessary for financial health. Negative beliefs get in the way of addressing the 8 components.

Examples of beliefs that keep you poor:

1. **Rich people are greedy.** Some rich people are indeed greedy. But some poor people are greedy, too. Many rich people became rich through kindness and helping others. ***Whether or not you're greedy is up to you.***

2. **I don't deserve to be wealthy. Everyone that creates value deserves to be wealthy.** If you have a minimum wage job or spend the day sitting on the couch, you can change your financial circumstances by creating value and charging the world for it.
3. **I'll have to do a lot of things I don't like to become wealthy.** While doing things that others don't like to do can be a faster way to wealth, there are numerous ways to accumulate wealth. At least one of them would be enjoyable for you.
4. **My friends won't like me if I'm rich.** It's common to find new friends as your life situation evolves. Some of your friends might not like the fact that you're rich. But your true friends will be happy for you. Every change in life has the potential to influence everything else.
 - Many CEOs and other wealthy folks still have the same friends from elementary school. You can choose to do the same.
5. **Money is the root of all evil. The actual quote is "The love of money is the root of all evil."** Money doesn't create negative situations. Money is just a piece of paper or a number attached to a bank account.

- Money provides opportunity. It's your choice whether the actions you take are positive or negative.
6. **I can't be spiritual and have a lot of money.** Many religions espouse the belief that being poor is somehow looked upon more kindly by the great powers that be. But if you were looking to convert a population that was 99.9% dirt-poor, you'd probably say the same thing.
- Having money gives you more opportunities to be good to yourself and others. It can also free up your time to engage in more spiritual activities.
7. **I'm disrespecting my parents if I make more money than they do.** Most parents would be thrilled to see their child doing so well.
8. **It's hard to make a lot of money.** It can be hard to make any amount of money. Most people with moderate incomes complain about work. If you're going to work anyway, why not make a lot of money while you're at it?
- ***With the appropriate habits in place, it's not too difficult to enhance your career, save more, spend less, and invest more wisely.***

9. **If I had a lot of money, I'd probably just lose it anyway.**

Keeping money is as much of a skill as earning and saving it. There are plenty of resources that can help you learn how to handle money wisely.

- The belief that you'll end up where you started will prevent you from taking any meaningful action.

10. **I shouldn't have more money than I need.** Everything in life is easier with a buffer. Imagine having more time and love than you need. Having more money than you "need" is comforting and opens up many possibilities that simply don't exist without a surplus of funds.

- It's much easier to make a career change or go back to school.
- You can afford to send your child to Harvard instead of the local community college.
- You're better prepared for any financial catastrophe.
- The belief that you shouldn't have more money than you need to survive will lead to surviving instead of thriving.

Do you have any of these common beliefs about money or yourself? ***If you hold beliefs that inhibit your ability to address the components of a healthy financial situation, your challenge will be greater than necessary.*** You'll sabotage yourself by neglecting the habits necessary to achieve financial happiness.

“Beliefs have the power to create and the power to destroy. Human beings have the awesome ability to take any experience of their lives and create a meaning that disempowers them or one that can literally save their lives.”

Tony Robbins

Positive Money Beliefs

There are also beliefs that will speed you along the path to financial independence. These positive habits make it easier to have a positive financial future.

These beliefs can make you rich:

1. **Money results from providing value to the world.** It doesn't matter how smart or educated you are. It doesn't matter what you look like. The universe isn't out to get you. If you provide value and charge people for it, you will receive a corresponding level of money.
 - Brain surgeons make more money than your average store clerk because the surgeon is providing more

value. A CEO of a large corporation earns more than a brain surgeon for the same reason.

2. **Money provides freedom and choice.** Money is great for solving problems and providing you with options. Maybe money can't buy you love, but enough of it can fix a bad transmission, buy a ticket to Fiji, or allow you to play golf all day instead of working.
3. **I can help others with my money.** After your own needs have been tended to, you have the ability to help others with their challenges or assist them in attaining their goals.
4. **My financial freedom will happen when I have effective beliefs, thoughts, and habits.** It's not necessary to do anything spectacular. ***Simple actions, taken on a regular basis, will result in great wealth. But it all starts with your beliefs.***
5. **Saving money is easy and enjoyable.** How would your savings activities change if you believed this?
6. **A budget is easy to create and follow.** If you can't seem to create or stick with a budget, this belief will help.

7. **I only buy things I need.** How would your bank account look if you lived this belief?

There are numerous others, but you get the idea. ***Do you have more positive or negative beliefs about money?*** Can you see how your beliefs about money are affecting your financial situation?

If you want to enhance your finances, eliminating negative beliefs and replacing them with positive beliefs is an effective plan of attack.

“The path of least resistance and least trouble is a mental rut already made. It requires troublesome work to undertake the alternation of old beliefs.”

- John Dewey

How to Change a Belief

There are many ways to address harmful beliefs and replace them with positive. Many times, all that's required is a little attention and an open mind.

Many of our beliefs are created during childhood and are never questioned. At one time, you believed in the Easter Bunny. So, it's likely that you have several beliefs about money that are impractical, too.

The experts can't agree whether beliefs can be changed in an instant or whether it takes a significant amount of time. By like the old Chinese proverb states, “The best time to plant a tree was twenty years ago. The second best time is today.”

Neuro-Linguistic Programming

John Grindler and Richard Bandler developed Neuro-linguistic programming (NLP) in the 1970s. You're probably familiar with Tony Robbins, who made the technology popular.

Though there are many facets to NLP, we're most interested in the use of language and perception to change beliefs. For instance, if you imagine something that frightens you, the way you imagine it has an impact. There are an infinite number of ways to think about a spider, for example.

If the image of a spider in our mind is very large and colorful, it will have a different impact on your emotions than an image that's small and lacking color.

The characteristics of a mental image are called submodalities. These include the visual, auditory, and kinesthetic details of a mental image.

Follow this process to change a belief with NLP:

1. **Identify a belief you'd like to change.** Let's pretend you believe that you can't save enough money each month to ever make a difference.

2. **Consider an old belief that you no longer consider to be true.** Perhaps you once believed in Santa Claus or that your high school girlfriend was the only woman you'd ever love. Notice the submodalities of this once-held belief.

- Are you in the image or viewing it like you're watching a movie?
- Is it in color or black and white?
- Is there a border around the image?
- Is the image centered?
- What do you hear?
- Can you feel anything? Hot? Cold? Sick to your stomach?

3. **Think of something you know to be true.** It could be the belief that Christmas is on December 25th or that a dropped bowling ball will fall. Take note of the submodalities for this belief.

4. **Think of a belief that you'd like to add.** For our example, it might be the belief that every penny saved is adding to your fortune. Find the most advantageous counter-belief to the belief in step #1. Notice the submodalities.
5. **Eliminate the belief in step #1.** Take the submodalities you found in step #2 and apply them to the image in step #1. ***You're applying the mental characteristics of a belief you no longer hold to the belief you'd like to eliminate.***
6. **Now alter the submodalities of the belief you'd like to add to match those of the belief in step #4.** Make your desired belief have the same mental characteristics of the belief you know to be 100% absolutely true.
7. **Test.** How do you feel about the original belief and the new belief? Can you feel a change? The ultimate test is to observe your behavior. If your behavior changes, you know you're on the right track.

Many people find this process highly effective. ***It's possible to change a belief quickly with NLP.*** If NLP doesn't seem to work for you, though, there are other options.

“The only thing that permits human beings to collaborate with one another in a truly open-ended way is their willingness to have their beliefs modified by new facts. Only openness to evidence and argument will secure a common world for us.”

- Sam Harris

Change a Belief With Logic

Humans are thinkers, and we can use logic to our advantage. Beliefs are funny things. ***Though we can be influenced to believe anything, we're ultimately the creators of our beliefs.*** You can't see or touch a belief in the real world. No one can give you a belief you don't accept.

Use the power of logic to shake the foundation of your harmful beliefs:

1. **Choose a belief you'd like to change.** For this example, we'll look at the belief, “Money is the root of all evil.”
2. **Where did this belief come from?** Did it come from your parents? A minister? A teacher? Neighbor? Did you read that money is the root of all evil? ***Knowing the origin can help to change the belief.***

3. **Is this source an expert?** In reality, only a person that's had a lot of money would have the experience to make such a statement.
- Your parents might have had authority over you, but did they really have authority and expertise when it came to being wealthy?
4. **What is another possible explanation?** It's possible that money is the root of all evil, but what other explanation could there be? Maybe your current belief is just one possible explanation.
- Maybe you just heard that money is the root of all evil so many times you've believed it without questioning it.
 - Maybe money gives evil people the chance to be evil. But does that mean that all people are evil?
 - Have you ever actually seen money causing evil? Money is just an object. Have you ever seen another object create evil?
 - ***Is it possible that the reasons for this belief only exist in your mind and not in the real world?***

5. **Realize we form many beliefs in childhood that fail to hold up to examination.** It's understandable why a child forms certain beliefs under the conditions of childhood. Those in similar situations would likely draw the same conclusions.

6. **Can you see that any of the other interpretations could also be “the truth?”** So what is the truth? It's whatever you choose it to be. You are the creator, and your belief is merely your creation. You interpret ideas and experiences and assign value to these things. ***Find an interpretation that makes sense but also works for, rather than against, you.***

Faulty beliefs can be easy to change because they have the disadvantage of being incorrect. ***Most of the beliefs that stand in your way can't stand up to scrutiny.*** Examine your beliefs around money and put them to the test.

“When it comes to controlling human beings, there is no better instrument than lies. Because you see, humans live by beliefs. And beliefs can be manipulated. The power to manipulate beliefs is the only thing that counts.”

- Michael Ende

Cost – Benefit Analysis

You’ve undoubtedly made lists in the past listing the pluses and minuses of your available options. Why don’t do the same with your beliefs? ***If you realize what a particular belief is costing you, you’ll have greater motivation to address it.*** It’s also important to realize what you gain from beliefs that seem to be holding you back.

Follow these steps to analyze the cost and benefit of your challenging money beliefs:

1. **Choose a belief you wish to change.** Consider the belief, “I’ll never make \$100,000 per year.”
2. **What is this belief costing me?** A few examples might include:
 - If I don’t believe I can make \$100,000, it’s unlikely I ever will.

- I'll be stuck in my current income bracket for the rest of my life.
- I don't have hope for the future.
- I'll never be able to buy the house I've always wanted.
- I'll have to work until I'm much older than I'd like.

3. **How is this belief unreasonable?** Few things in life are 100% true all of the time. How is this belief ridiculous?

- I can't predict the future, so how could I possibly know how much I'll make someday?
- If I have the skills and work hard, than my current limits are irrelevant.
- Other people with fewer skills, less intelligence, and less education have made over \$100,000 per year. In fact, some of the wealthiest people in the world dropped out of high school.
- There's nothing magical about \$100,000. It's just a round number that looks good to my brain.

4. **What do I gain by holding this belief?** In most cases, you'll find that seemingly harmful beliefs have an advantage. That advantage is often avoiding fear or getting to be lazy. ***If you don't think you can make more money, you don't have to try.*** Harmful beliefs are often excuses to avoid taking action.

5. **What would I gain by adopting a more helpful belief?**
How would you benefit if you believed you could make \$100,000 in the future?
 - I would greatly increase the likelihood of reaching this income level.
 - I would have hope and enthusiasm for the future.
 - I would work harder, and my job would be more secure from my increased effort and contribution.

6. **Create an affirmation.** State your new belief in a positive, present way. "I earn \$100,000 per year."
 - Repeat the affirmation 20 times each morning and evening while in bed.

- Avoid discounting the effectiveness of affirmations. Try a simple experiment and apply affirmations to a simple task you routinely avoid, perhaps getting up the first time your alarm goes off. When you hear the alarm, turn it off and repeat, “Getting up, getting up, getting up” over and over again. You’ll find it much easier to put your feet on the floor!

One of these three methods will work better than the others for you. **The key is to try all three.** Changing your beliefs takes effort. Merely understanding the processes won’t accomplish anything. It’s necessary to apply them consistently.

The world does not speak. Only we do. The world can, once we have programmed ourselves with a language, cause us to hold beliefs. But it cannot propose a language for us to speak. Only other human beings can do that.

- Richard Rorty

A Simple Plan of Action

1. **Determine the part of your financial life that's causing the most grief.** Suppose that you have no retirement savings.
2. **Make a list of the beliefs that are having the greatest negative impact.** Which belief is hurting you the most?
 - I'll have plenty of time later.
 - I'm too young to worry about it.
 - I have to buy a house first.
 - I won't live long enough to enjoy it.

- I can't afford to save money now for something I won't need for 40 years.
 - It's too complicated for me.
 - I'll inherit all the money I could ever need.
 - The amount I'm able to save won't make a difference.
3. **Address them one at a time.** Pick the belief that you think is creating the biggest obstacle and apply one of the techniques to eliminate the belief and create a new, more supportive belief.
4. **Keep going until your behavior matches your wishes.** It's possible to feel better but not take action. Keep going until you're taking real action. You might have to try all three techniques to have an impact.
5. **Continue addressing all of your beliefs that don't support your financial future.** This will take time, but it's time well spent.

A few simple steps taken each day will have a very positive impact in the future. Start by taking the first step.

“We learn our belief systems as very little children, and then we move through life creating experiences to match our beliefs. Look back in your own life and notice how often you have gone through the same experience.”

- Louise L. Hay

Conclusion

Are your beliefs about money supporting you or acting like a boat anchor? ***We often know what to do, but struggle to follow through and take the appropriate action.*** Faulty beliefs inhibit your ability to address your finances successfully.

These beliefs alter your perception, behavior, and ultimately, your financial future.

It's important to determine these beliefs and evaluate them. Consider how these beliefs negatively impact your financial future. What would you gain by eliminating these beliefs and instilling more helpful beliefs?

Changing your money beliefs can be accomplished by a variety of methods. Finding the optimal method is a matter of trial and error. It's important to get started immediately.

Financial challenges rarely happen overnight. The cure will take time, too.

Give yourself financial therapy. Change your money beliefs and change your life.