



What's Your Money Script?

Money is power. A fool and his money are soon parted. A penny saved is a penny earned. Money is the root of all evil.

Do any of these expressions ring true for you?

As it turns out, the money beliefs our families espoused while we were growing up may have a profound effect on how we behave financially today — and may even influence our financial success.

Beliefs drive behaviors

In 2011, *The Journal of Financial Therapy* published a study by financial psychologist Brad Klontz et al., that gauged the reactions of 422 individuals to 72 money-related statements.¹ Examples of such statements include:

- There is virtue in living with less money
- Things will get better if I have more money
- Poor people are lazy
- It is not polite to talk about money

Based on the findings, Klontz was able to identify four "money belief patterns," also known as "money scripts," that influence how people view money. Klontz has described these scripts as "typically unconscious, trans-generational beliefs about money" that are "developed in childhood and drive adult financial behaviors."² The four categories are:

1. Money avoidance: People who fall into this category believe that money is bad and is often a source of anxiety or disgust. This may result in a hostile attitude toward the wealthy. Paradoxically, these people might also feel that all their problems would be solved if they only had more money. For this reason, they may unconsciously sabotage their own financial efforts while working extra hours just to make ends meet.

2. Money worship: Money worshippers believe that money is the route to true happiness, and one can never have enough. They feel that they will never be able to afford everything they want. These people may shop compulsively, hoard their belongings, and put work ahead of relationships in the ongoing quest for wealth.

3. Money status: Similar to money worshippers, these people equate net worth with self-worth, believing that money is the key to both happiness and power. They may live lavishly in an attempt to keep up with or even beat the Joneses, incurring heavy debt in the process. They are also more likely than those in other categories to be compulsive gamblers or to lie to their spouses about money.

4. Money vigilance: Money vigilants are cautious and sometimes overly anxious about money, but they also live within their means, pay off their credit cards every month, and save for the future. However, they risk carrying a level of anxiety so high that they cannot enjoy the fruits of their labor or ever feel a sense of financial security.

Awareness is the first step

According to Klontz's research, the first three money scripts typically lead to destructive financial behaviors, while the fourth is the one to which most people would want to aspire. If you believe you may fit in one of the self-limiting money script categories, consider how experiences in your childhood or the beliefs of your parents or grandparents may have influenced this thinking. Then do some reality-checking about the positive ways to build and manage wealth. As in other areas of behavioral finance and psychology in general, awareness is often the first step toward addressing the problem.

¹"Money Beliefs and Financial Behaviors," *The Journal of Financial Therapy*, Volume 2, Issue 1

²Financial Planning Association, accessed October 24, 2017

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