



# **The Psychology of Money and Personal Finance**

By Dr. Linda Hancock

## **ABOUT THE AUTHOR**

Dr. Hancock has written a regular weekly column entitled "All Psyched Up" for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of "Life is An Adventure...every step of the way" and "Open for Business Success" is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email [office@drlindahancock.com](mailto:office@drlindahancock.com)

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The people who tend to complain about money seem to fall into three categories. There are those who don't have any, those who spend more than they earn and those who have money but are terribly afraid of losing it.

Throughout history, money has been a topic of discussion and debate. Expressions such as "money doesn't buy happiness" or "money is the root of all evil" are often declared by those who do not have any. I'm definitely not trying to criticize anyone in this article or in life; however, I've met many poor people who are desperately unhappy and many rich people who are unhappy. As well, I have made acquaintance with very happy people who are on different ends of the financial continuum.

Concerning the "evil" connotation, I think the entire text for that quote is "the LOVE of money is the root of all evil". I have seen the look on the faces of children who wouldn't have had a Christmas if an organization hadn't used their funds to buy gifts and food for them. I've been awed by the educational settings, women's shelters and health institutions that have been built through endowments and donations. I've marvelled at the research that has been accomplished to fight disease and illness through benefactors.

Often people who do not have money receive public services which are financed through taxes.

Those who spend more than they earn may not have learned the skills needed to earn more or to budget and invest what they do have. Although it is easy to state that responsibility for this is individual weakness, it may actually be a failure of our society to develop appropriate resources.

Regardless of whether a person is rich or poor, criticizing the other group will not change the disparity or solve any problems. In fact, it tends to divide society into "have" and "have not" categories with stereotypical connotations.

Perhaps the start to understanding the psychology of money is to examine individuals who have money but are deathly afraid of losing it. Their actions and emotions frequently lead to illnesses that are physical and/or mental in nature. It is not the money that causes the problem. It is the relationship with and attitude towards it that is key.

Psychology deals with a person's thoughts, feelings and behaviours. Money does not "buy" happiness but it does help to fill needs and purchase wants. When we think, feel or behave in a manner that focuses ONLY on the lack of, acquisition or spending of money, we end up in trouble! We lose perspective.

My accountant and financial planner laugh at me when I say that I don't want money. It's the car dealership, tax man and grocery store that want my money. I'm just the "middle" person who does the recycling.

Perhaps money isn't your problem. Maybe it's your attitude towards money that is.

You may want to talk with a Registered Psychologist to get help with your financial situation.