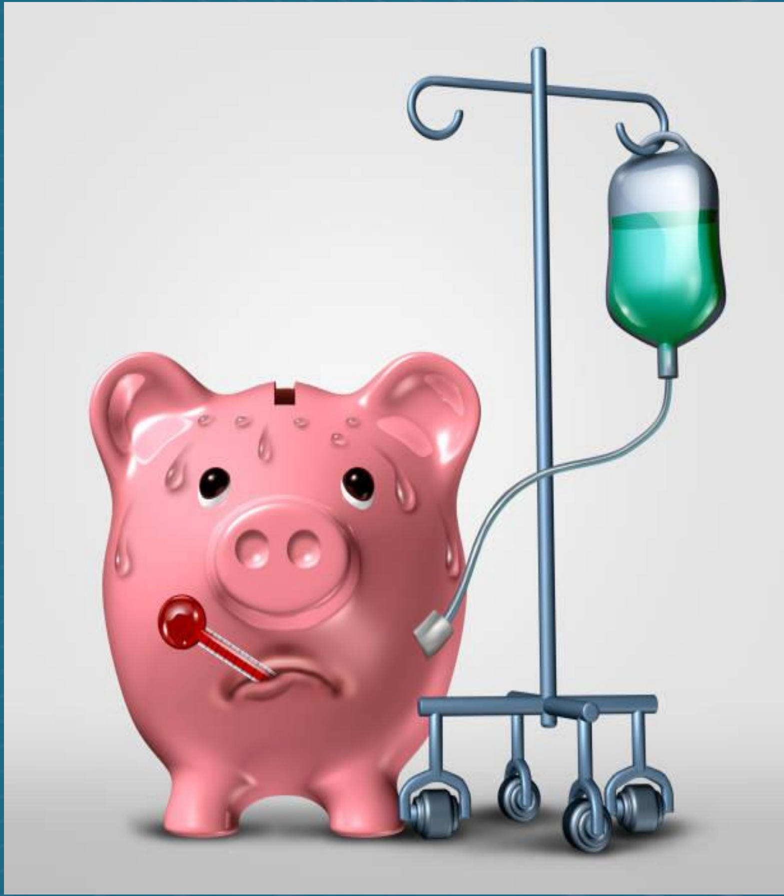
Why are we so emotional about money?



FPG Financial Wellness Team

Today’s Speakers

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Manager, Financial Wellness and Education

Let's Talk About It

Financial Stress

Money Emotions

Resources

AGENDA

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The Psychology of Money

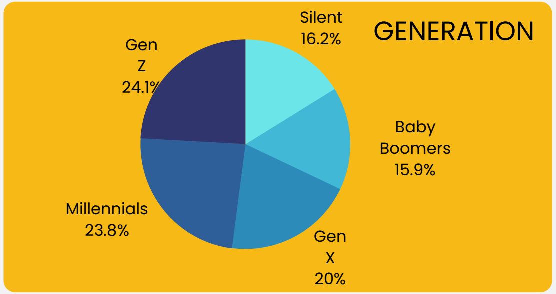
The Connection Between Money and Mental Well-being

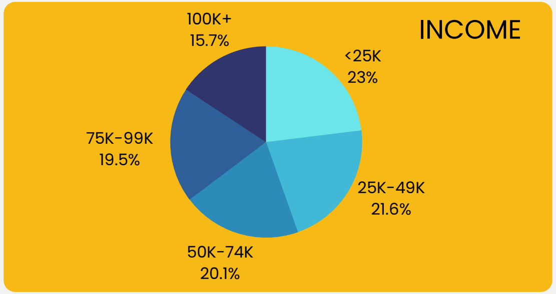
Psychological well-being and financial satisfaction are an integral component of overall life satisfaction, and money continues to be ranked as a top stressor for adults—leading to feelings of being overwhelmed and financial anxiety.

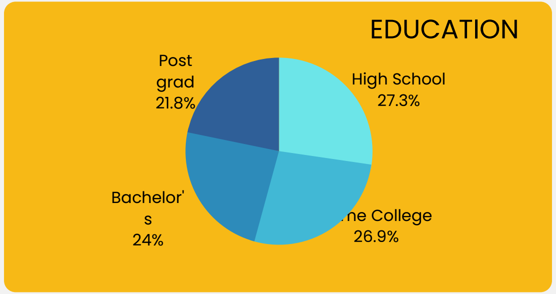
According to the American Psychological Association, **nearly 73% of adult Americans report feeling stress about money**—both day-to-day money problems and long-term financial concerns.

Stress in America 2022

Financial Stress







DEFINING FINANCIAL STRESS

The Financial Health Institute defines financial stress as: “A condition that is the result of financial and/or economic events that create anxiety, worry or a sense of scarcity, and is accompanied by a physiological stress response.”

BROAD IMPACT

Financial stress can affect someone’s relationships, work and ability to carry out everyday tasks. The APA also finds that there is a strong link between stress and physical health.

ON THE RISE

February 2022, the APA reported the highest number of people experiencing money-related stress since 2015 — 65 percent of respondents said money is a significant source of stress.

Money can get rid of your financial problems, but it won't get rid of your emotional problems. – Sonya Parker, author

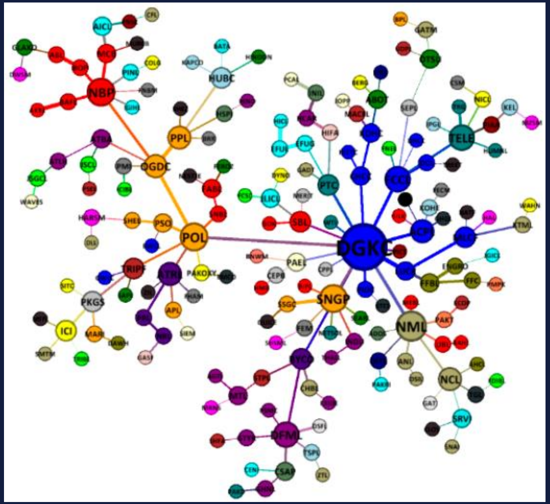
Your Relationship with Money

It's worth thinking about the *complex relationship* each of us has with money…. And how it has evolved over your lifetime

Your money (and more broadly your personal finances) is not a fixed entity, but rather a set of complex data points, challenges, and opportunities you circle around, interact with and have feelings about

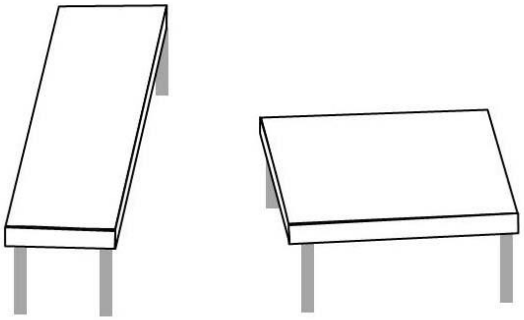
The decisions you make about money then impact your financial situation and these impacts in turn reciprocally affect your feelings and future behaviors

It's worth spending some effort to become aware of the emotions that are especially tied to money for you because, without awareness, they will tend to **override rational thinking** and drive your actions - guilt, shame, fear…

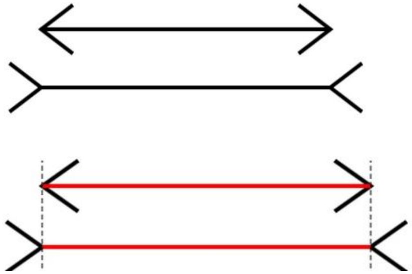


Concern about finances is not only limited to those who are facing objective economic hardship, but it extends to any individual that *perceives* that his or her resources are insufficient or inadequate to meet his or her financial needs.

Financial Perceptions



Shepard's Table Illusion (Shepard, 1990)



Muller-Lyer Illusion,1889

Many of our most common self-regulatory failures have a shared feature— that is, we often fail to behave in a certain way even though we know the positive consequences of that behavior.

Many of us know that we should limit our sugar and fat intake, yet we still stop at the donut shop too often. Many of us know we need to save for retirement, yet we fail to put enough money away each week.

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Barriers to Seeking Advice

What's there to be afraid of?

Common fears include:
- Fear of not having enough
- Fear of looking stupid
- Fear of being exposed or humiliated

Shame is often a reason people avoid doing what they know they should

It's natural to want to avoid exposure in relation to something you're ashamed about

Examples of shameful feelings related to money:

- I don't have enough money
- I've avoided thinking about finances
- I've avoided doing what I'm supposed to do about finances (creating a safety net, planning for retirement, sensible budgeting)
- I'm really ignorant about all of this
- I spend too much
- I buy stuff when I'm unhappy

Barriers to Seeking Advice

You're thinking about sitting down and taking a hard look at your financial situation and creating a realistic financial plan

But just thinking about it makes your anxiety level rise, because you're afraid of what may be found out

The anxiety leads to avoidance. You postpone and distract yourself

At that *moment*, your anxiety level immediately *drops,* giving you positive reinforcement for the avoidance

The cycle repeats over and over

But each immediate drop in anxiety doesn't quite bring you back to the previous baseline level of distress

And over time, the overall level of anxiety increases and increases

Contrast this pattern with confronting the dreaded task

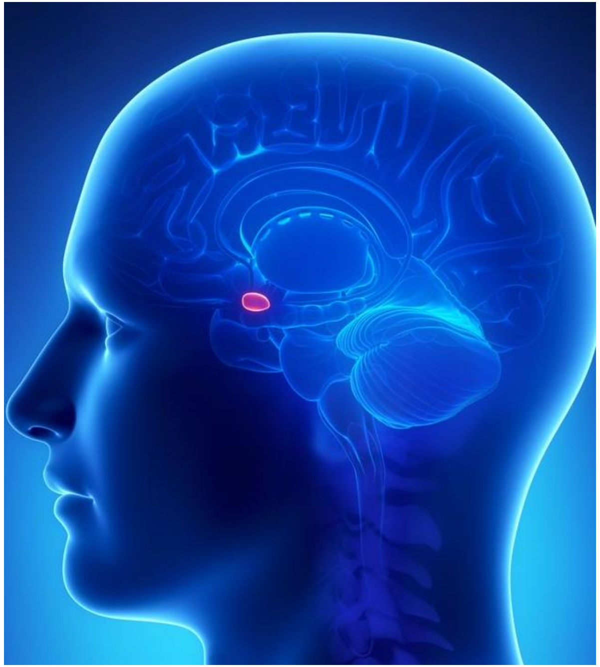
Initially anxiety temporarily *increases*

With continued progress the overall level of anxiety will steadily decline

The short-term increase in distress may lead to the long-term decrease in anxiety and more financial preparedness

How the Brain Works

- Responsible for activating flight –or – fight response, controls emotional learning, and stores what we learn.
- Fight-or-flight is characterized as by a surge of adrenaline, increased heart and breathing rates, allowing us to avoid car accidents, run from predators, protect children from danger, etc.
- Amygdala sends an impulse to our livers, which produces a stress hormone called cortisol.
- Cortisol is a clotting agent. Whether the threat is real or perceived, our bodies make preparations so that they won't bleed to death if the perceived danger results in injury.
- Cortisol also restricts the blood flow to our extremities. One of these extremities is the prefrontal cortex, which is the logical thinking part of the brain – this I where our analysis and decision-making capabilities lie.



The amygdala is roughly the size of a kidney bean, but plays a large role in human survival

How the Brain Works

Our bodies still experience the fight of flight sensation, even when making a rash decision is not the desired response. A bear market is not the same threat as a bear in the woods.

The same impulses that are sent to the amygdala in the emotional center of the brain are also sent to the rational center (the cerebral or prefrontal cortex).

> The impulse sent to the amygdala takes 12 milliseconds to arrive. However, it takes 40 milliseconds for the impulse to get to the cortex. 40 milliseconds is fast, but it 3.5 times slower than the impulse that has gone to our amygdala.

Bottom line: We are already feeling before we think. We are hard-wired to emotional first and logical second.

Recognizing Stress

Some people are very good at hiding their emotions and thoughts as result of environmental conditions as children or occupational demands as an adult. But there are still indicators of stress that are difficult for even the most private person to hide.

Psychological Cues

Skin reacts to the sympathetic nervous system (e.g., your fight-or flight-response)

Poloygraph tests were designed to utilize this knowledge to test if a person was telling the truth, believing a liar could not outsmart their sympathetic system. – It is in fact possible to trick a lie detector with focus and practice.

However, collecting data for client's skin is actually a really good indicator of a hidden cue of stress and potential conflict on the horizon.

Cold, clammy, hands indicate increased physiological stress (Vinkers et a., 2013). Cold hands are good indicator of activation of the fight-or-flight response system, because blood is flowing back to the heart to prepare for fight-or-flee, leaving less blood in the extremities. (If you are just coming inside from the cold, winter day, it only takes a few minutes to adjust to indoor temperature).

Lutter & Koochel, 2022

Money on Your Mind

When we get emotional due to stress our brains actually shut off our ability to think logically or coherently.

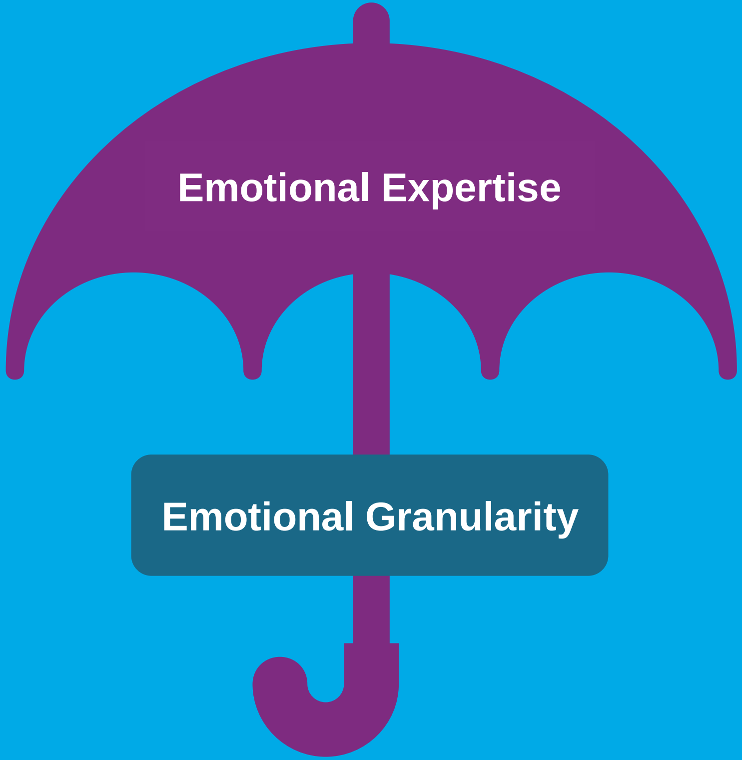
- We don't listen as well
- We have shorter fuses and often feel impatient
- We tend to obsess about the past and/or worry about the future

Low-energy, negative emotions are caused by prolonged periods of extreme stress and mental anguish, so you should try to avoid making decisions if you are feeling any of the emotions as they led to irrational decisions.

High energy, negative emotions are also caused by negative stressors, and these are also preventing you from thinking clearly and making 'good' choices.

Emotional Aspect

Why Emotions?



Emotional expertise involves skills for understanding, experiencing, and regulating emotions. (Zeidner et al, 2012; Hoemann et al., 2020)

Emotional granularity is an aspect of emotional expertise. It refers to the ability to experience emotions in a precise and context-specific manner. (Banner et al, 2001; Lee et al., 2017)

Wilson-Mendenhall, C. D., & Dunne, J. D. (2021). Cultivating emotional granularity. *Frontiers in Psychology*, *12*. https://doi.org/10.3389/fpsyg.2021.703658
Kashdan, T. B., Barrett, L. F., & McKnight, P. E. (2015). Unpacking emotion differentiation. *Current Directions in Psychological Science*, *24*(1), 10–16. https://doi.org/10.1177/0963721414550708

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Emotional Expertise as a Skill

- Using emotional expertise/differentiation is beneficial and facilitates psychological and social well-being

- Research has linked greater emotional differentiation to lower levels of depression and higher self-esteem.

- As adults, we can regulate our emotions better and become less influenced by our incidental emotions

“Emotional differentiation is a skill…Those more adept in constructing granular, precise experiences will be able to deal with them, no matter their intensity.” (Kashdan et al., 2015)

Kashdan, T. B., Barrett, L. F., & McKnight, P. E. (2015). Unpacking emotion differentiation. *Current Directions in Psychological Science*, *24*(1), 10–16. https://doi.org/10.1177/0963721414550708

Emotional Granularity Example

Wonder

Wonder inspires the wish to understand, fuels our passion for exploration and learning, for curiosity and adventure

Awe

Awe inspires the wish to let shine, to acknowledge and to unite

Brown, B. (2022). *Atlas of the heart: mapping meaningful connection and the language of human experience*. Random House Large Print.

Using Emotional Expertise in Practice

Learn and Use Emotional Vocab

- Integrate more emotional vocabulary into your life
- Use a feelings wheel to help navigate new emotional vocabulary
- Remember that feelings are **one word**

Write it Down

- Use a journal to pinpoint your emotions and categorize them
- Research showed that those who journal/write down their emotions – were able to distinguish emotions better and use 30% more strategies to reduce negative emotions and increase positive ones (Barrett, Gross, Christensen, & Benvenuto, 2001).

We're All Different

- Emotional experiences are individual to each person – ask "tell me more about how you're feeling…" to identify emotions in others
- Neurodivergent individuals may find that emotions are more intense and harder to regulate

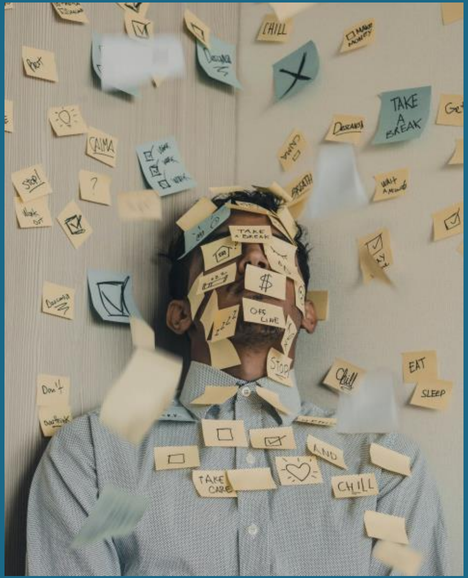
Kashdan, T. B., Barrett, L. F., & McKnight, P. E. (2015). Unpacking emotion differentiation. *Current Directions in Psychological Science*, *24*(1), 10–16. https://doi.org/10.1177/0963721414550708

Emotions and Stress

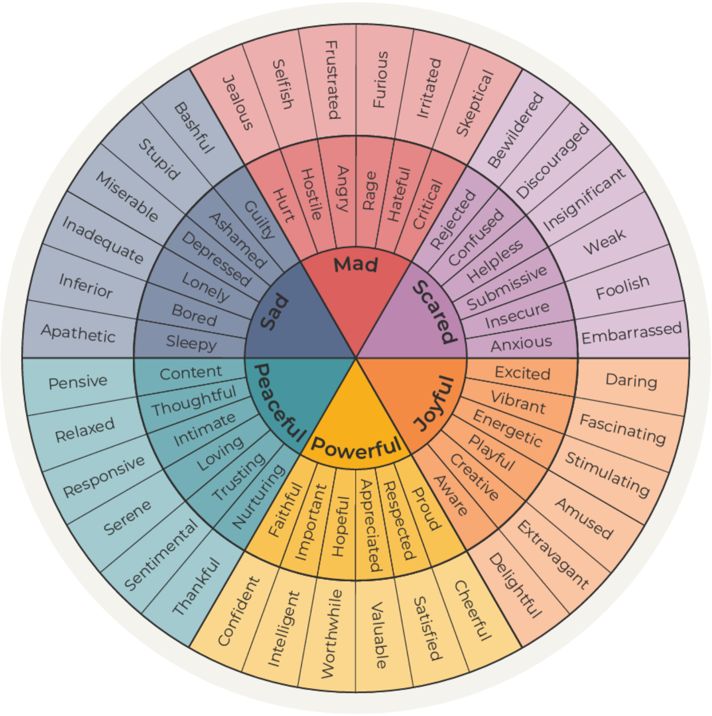
- Chronic stress can interfere with working memory, attention, inhibition control, and planning

- Older adults have higher sensitivity to stress – with increase stress-related dysregulation of the cardiovascular and immune systems

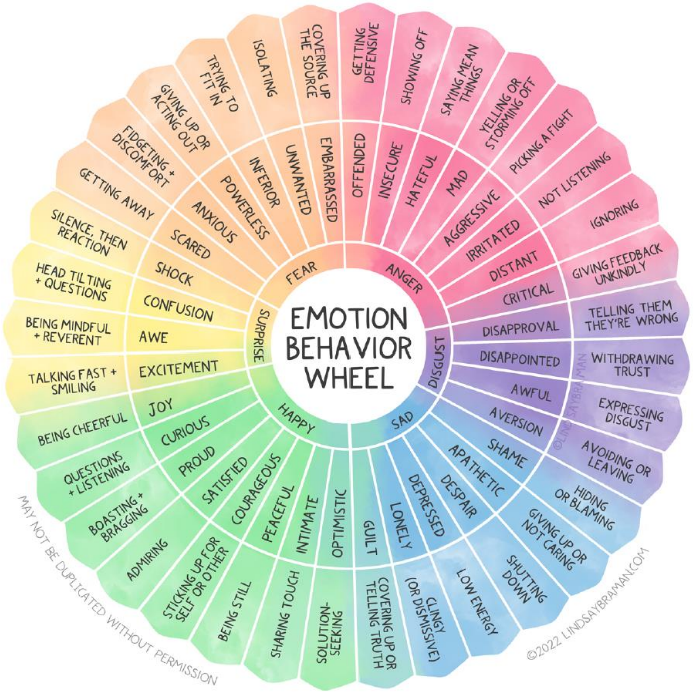
- While stress isn’t considered an emotion – researchers look at allostasis to observe stress in the body



Emotion Wheels



https://cdn.gottman.com/wp-content/uploads/2020/12/The-Gottman-Institute_The-Feeling-Wheel_v2.pdf



https://lindsaybraman.com/emotion-behavior-wheel/

How to reduce financial stress?

- Mindfulness exercises, interventions, and meditation
- Breathing techniques
- Being active (taking walks)
- Exercise (like yoga)
- Doodle or Color
- Create a spending plan
- Build your Knowledge Base about Personal Finance!
- Ask for help – FPG Office Hours!

Mindfulness Exercise

Triangle Breathing

Resources

Healthy Money Habits

Create a budget and stick to it
Avoid impulse buys by waiting 24hrs before making a purchase
Start saving early and regularly to build good financial habits

FPG Office Hours

ONE ON ONE WITH A CREDENTIAL FINANCIAL PROFESSIONAL

CONFIDENTIAL AND PRIVATE

Send your request TODAY

eMoney Resources

Five Tips to Tame Financial Anxiety

Caring about your financial security is healthy, but worrying about it can take a toll on your mental and physical health. Here are five ways to tame financial anxiety and allow it to work in your favor.

1. **Realize your anxiety about finances is normal.** If you worry about money, you're not alone. In recent years, many people have experienced increased stress around finances, especially during periods of uncertainty.
2. **Practice mindfulness.** Use mindfulness to slow down, reflect on your financial habits, and face the circumstances at hand.
3. **Consider working with a financial counselor.** Speaking to an expert can shine a light on areas of opportunity in your financial approach. Whether it's making a personalized plan, managing debt, or just getting general money advice, taking steps like these can help you achieve financial wellness.
4. **Prioritize your mental health.** Working toward a calm emotional state will better prepare you to make strong financial decisions. Develop a self-care routine (think: movement, mindfulness, meditation, or therapy), so you can address anxiety and regulate your mood.
5. **Find financial inspiration.** No matter your financial situation, remember there is a path forward. Researching financial mentors that share advice about overcoming financial obstacles, reading books about financial literacy, and using a budgeting app are all fruitful ways to find peace of mind.

Headspace offers meditations, mindfulness tips, sleepcasts, focus playlists, and more.

Have a question? Email teamsupport@headspace.com

headspace

eMoney Resources

Employee Assistance Program (EAP)

Confidential Emotional Support
Our highly trained clinicians will listen to your concerns and help you or your family members with any issues, including:
- Anxiety, depression, stress
- Grief, loss and life adjustments
- Relationship/marital conflicts

Work-Life Solutions
Our specialists provide qualified referrals and resources for just about anything on your to-do list, such as:
- Finding child and elder care
- Hiring movers or home repair contractors
- Planning events, locating pet care

Legal Guidance
Talk to our attorneys for practical assistance with your most pressing legal issues, including:
- Divorce, adoption, family law, wills, trusts and more

Need representation? Get a free 30-minute consultation and a 25% reduction in fees.

Financial Resources
Our financial experts can assist with a wide range of issues.
- Retirement, taxes, mortgages, budgeting and more

For additional guidance, we can refer you to a local financial professional and arrange to reimburse you for the cost of an initial one-hour in-person consult.

Online Support
GuidanceResources® Online is your 24/7 link to vital information, tools and support. Log on for:
- Articles, podcasts, videos, slideshows
- On-demand trainings
- "Ask the Expert" personal responses to your questions

Help for New Parents
ParentGuidance℠ supports you through the process of becoming a biological or adoptive parent, including:
- Preparing for the baby emotionally and financially
- Finding child care
- Planning for back-to-work and other issues

Free Online Will Preparation
EstateGuidance® lets you quickly and easily create a will online.
- Specify your wishes for your property
- Provide funeral and burial instructions
- Choose a guardian for your children

What happens when I call for counseling support?
When you call, you will speak with a GuidanceConsultant℠, a master's- or PhD-level counselor who will collect some general information about you and will talk with you about your needs. The GuidanceConsultant will provide the name of a counselor who can assist you. You will receive counseling through the EAP up to 3 sessions per issue, per person, per calendar year. You can then set up an appointment to speak with the counselor over the phone or schedule a face-to-face visit.

What counseling services does the EAP provide?
The EAP provides free short-term counseling with counselors in your area who can help you with your emotional concerns.

If the counselor determines that your issues can be resolved with short-term counseling, you will receive counseling through the EAP. However, if it is determined that the problem cannot be resolved in short-term counseling in the EAP and you will need longer-term treatment, you will be referred to a specialist early on and your insurance coverage will be activated.

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Other Resources

Secure HIPPA-Compliant Therapy Platform. Chat With A Counselor At Any Time, From Anywhere. Get Matched With A Medical Professional Online Today. Start Therapy Or Get Rx Medication. Secure & Confidential. Instant Access to Therapy. Licensed Counselors.

*Depending insurance approval