

Change Your Money Mind Part I

A Guide For Women



By Harriet Morris

Change Your Money Mind

Part I

Understand Your Money Mindset

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About the Author

Harriet Morris is a British writer and mum of two. She is the co-founder of www.online-writing-genie.com, and the editor of www.toddler-ideas.com. She has been published in the prestigious *Times Educational Supplement* and has written 5 ebooks, as well as numerous Internet articles.

She confesses that she used to find budgeting 'slightly less exciting than watching paint dry'. It was in 2007 when she organised the wedding of her dreams for under £1000 that she realised how much easier money management is if you can make it fun.

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Introduction

When I was brainstorming ideas for this guide, I came up with this title:

Feminancial Freedom

Dreadful, isn't it?

I asked everyone I know what they thought. Most people hated it, and in fact I could see their point. It really does sound more like some sort of sanitary product than the answer to all our money woes!

The title got promptly binned, but a comment from one of the men struck me: *'The very idea of a money guide for women is sexist – financial advice is the same for everyone'*

But is it? As women, do we really need specific female-only guidance about managing our savings, debts and cashflow?

I am not claiming that every woman needs a money management guide. However, for those that do, it is very helpful to look at the research around that points to the fact that women have a different money mindset to men.

Part I of *Change Your Money Mind* helps you to understand why women's relationship to money is different to men's.

Part II moves on to how you can take control of your relationship with money. It gives some highly practical advice for controlling your spending by changing your mindset as regards your finances. The best thing is it is really empowering, a lot of fun and will reduce your stress.

Part III is full of inspiring stories – women who have built successful businesses from nothing, women without privilege and sometimes no previous experience. They all show how you too can create more financial security for yourself.

These then are the three prongs of *Change Your Money Mind*: understanding, taking control and creation.

A Few Statistics

(With A Couple Of Nice Surprises Thrown In For Good Measure)

- Only 96 of the UK's 1000 richest people are women ⁽¹⁾
- In 2003 more women in the US filed for bankruptcy than graduated from college.
- Women aged 25 to 34 spend 84% more than average on women's clothes.
- Among women who live alone, spending peaks in the 25-54 age group.
- When questioned, 85% of men in one UC Irvine study felt they knew what they were worth. A similar number of women responded that they weren't sure.
- On average, we live seven years longer than our partners and over 75% of all women are widowed at an average age of 56. Women comprise a horrifying 87% of the impoverished elderly.

Some Good News

- The US National Center for Women and Retirement surveyed women to ask how in control of their life they felt.
- Of the 42% who said they felt out of control, only 17% made saving and investing for retirement a priority. Doesn't sound like good news? Turn it on its head. There's a direct correlation between how well a woman takes care of herself financially and how good she feels about herself. ⁽²⁾

And Even Better...

- According to self-made millionaire Gill Fielding, by 2020 women will make up the majority of millionaires in the UK.

What Do These Statistics Tell Us?

These figures point to some women as being more financially vulnerable than men. For a start we tend to live longer, so need to make greater provision for our retirement.

Secondly, spending is a real problem for some women. Of course this applies to men, but when coupled with many women's confused and incoherent approach to assessing their (for want of a better term) monetary worth, it can lead to female financial disaster.

The good news is that some women have got it right, and for these money-savvy ladies, the future looks far rosier.

The aim of *Change Your Money Mind* is to show how you too can join this group of financially empowered women.

Of course not all of us are going to become millionaires by 2020, but wouldn't you be happier if you could be assured of a more financially secure future?

Change Your Money Mind is **not** about showing you how to budget.

I'm going to help you do something far more fundamental: lose your fear of budgeting and controlling your finances in the first place. Without this, even the most user-friendly budget planner will get stuffed in a drawer and gather dust while you quietly fret and worry your life away.

On top of this, you'll learn some relatively pain-free ways to curb those spending sprees.

By the end of all this, you will be ready to look your bank balance in the face again, stop overspending and start budgeting. In addition, you will hopefully draw some inspiration to start creating that financially secure future that we all crave.

Why Some Women Have Such A Problem

Various experts have come up with theories to explain why some of us are more financially vulnerable than men.

1. Disconnection

According to author Liz Perle (3), many women (no matter how successful) have a very distant, unattached feeling towards money, coupled with a very personal anxiety.

Perle says that we learn early that coveting money is greedy, hustling for it unladylike and God forbid that we girls ever discuss it.

I think there is definitely something in what Perle is saying here. Although not all of us grew up with such a traditional, gender-restricted mindset ('ladylike' was certainly never in my teenage vocabulary), I think many women do (for example) see successful businesswomen as having male characteristics.

Just look at the UK version of *The Apprentice* (I haven't seen the US version). Few and far between are the female candidates who become great businesswomen without being copycats of some alpha male boardroom gorilla stereotype. They think that being a Superbitch is essential to making money. (Thankfully this is complete rubbish, as you will see from the stories of self-made millionaires in part 3)

This problem is only aggravated by the general disconnection from the idea of paying that is encouraged by the use of debit and credit cards. Paying for your purchases with plastic distances you from the reality of giving something in return for your item. We don't even hand anything over properly – instead you put your card in the terminal, key in 4 digits, then take it out and *put it back* in your purse.

It gets worse when the credit card bill arrives. How often have you picked up that white envelope up from the doormat and promptly put it away, thinking "Oh I know what that is" without even opening it?

We need to experience the reality of spending more directly, and I go into more detail about this in part 2. As you'll see, there has been some fascinating research about how paying by cash can stop you overspending – but it must be done in a particular way, or you'll just carry on as before.

Get part 2 of *Change Your Money Mind* by visiting <http://www.online-writing-genie.com/money.html> right now.

2. Self Sabotage

Financial expert Suze Orman ⁽⁴⁾ says that the reason that some women find themselves in financial chaos comes down to our nurturing nature, and the fact that we put others before ourselves.

I'm not sure how convincing this argument is – so many women's money worries start when they have children. And it's often wanting a secure future for their kids that propels them to take control of their finances.

However, Orman does make a good point. She says that we refuse to own our power and act in our own best interests when it comes to managing our finances. I like the way she phrases this:

We refuse to act in our own best interests.

Because by burying our heads in the sand, that's exactly what we are doing. So many of us just need someone to point that out to us.

3. Left Brain vs. Right Brain

The most thorough and interesting research about women and money comes from Professor Karen Pine, author of *Sheconomics* (5). She has conducted lots of studies into this topic and one of the most illuminating ideas she reveals is how the different ways that men and women think has a big effect on their spending habits.

Many of us are aware of left-brained or right-brained tasks and activities (for example maths vs painting). Did you also know that we are all either dominated by our left or right brain?

LEFT-BRAINED people are more logical, interested in facts and details. They like forming plans and strategies. Maths is a subject that engages the left hand side of your brain.

RIGHT-BRAINED people are more intuitive, emotional and are more likely to be fantasists. Creative activities like painting are right-brain pastimes.

According to Professor Pine, We are all either left-brained or right-brained and it is this that controls how we spend.

Before you do anything else, take this fascinating test:

Are you left- or right-brained?

Watch this video:

http://www.metacafe.com/watch/870136/left_brain_v_right_brain_test/

Which way do you see the figure moving, clockwise or anticlockwise?

Your answer:

Now turn to the next page to see what this reveals about your brain!

Q: Which category do you think most men fit into?

A: Yes, you're right. Males tend to be *left-brained*.

ANSWERS: Are you left- or right-brained?

If you see the dancer turning CLOCKWISE, you are right-brained

If you see her turning ANTI-CLOCKWISE, you are left-brained.

And women? Most women are *right-brained*.

By the way, it's quite possible to see the dancer moving in both directions. This is good news for you, as it shows that you can use both sides of your brain!

The Really Interesting Bit...

Here's where things start to get rather problematic: your left brain is often in conflict with your right brain when it comes to financial decisions.

To understand this, let's play the Ultimatum Game.

Imagine that you and a long-lost cousin you have never met are both left £1000 (or \$1000, 1000 Euros etc) between you in a will. There are some rather odd conditions attached to this inheritance:

Your cousin gets to decide how to divide up the money.

However...

You must accept how much s/he offers you for the bequest to happen.

So for example your (rather mean) cousin might offer you £100. You do not have to accept, in which case neither of you get anything.

The question is, what is the lowest amount you would accept?

£100?

£250?

£500?

What if this cousin was someone who had done you wrong in the past, and you bore a grudge against them?

There is obviously no right or wrong answer to this question. Go and ask the next person you meet, and you will have at least a good 5 minutes of lively debate about it.

On average, most people (in the non-grudge scenario) say that £250 is the lowest offer they would accept.

The important thing about the Ultimatum Game is how we attach illogical criteria to what is actually a completely logical question. You have nothing to lose here, only free money to gain. If you examine it in a left-brained, objective way, you would just accept what your cousin offered.

But what happens is that our right brains get involved, your good judgement gets clouded (especially if this is the dominant half in your financial decisions) – and this is where the havoc starts.

Feeling fed up with your right brain yet? Don't worry, because part 2 of *Change Your Money Mind* offers some practical ways you can change which half is in the driving seat when it comes to your finances. For more information, go to <http://www.online-writing-genie.com/money.html> now.

Other Factors That Affect Your Money Mind

In my research, I uncovered some non-gender specific reasons for losing control of your spending and finances – things that affect men and women equally. They are definitely worth a mention:

Price vs Value

Oscar Wilde once said that a cynic 'knows the price of everything and the value of nothing'. He could have been talking about the human brain.

Psychologists have long known that the human brain is incapable of distinguishing between more than 5 degrees of anything. A TV programme can be awful, or really bad, average, really good or outstanding. These 5 descriptions – and variations on them – is what we use to label how much we like/hate things. Otherwise films, restaurants and consumer reviews would have a maximum of 20 stars, or 50, or 100.

Nick Chater, a psychologist at University College London, believes that we lack an internal scale for valuing things. Price, on the other hand, uses abstract symbols, making it easy to not only distinguish between £3.00 and £330,000 - but 20, 50 or 100 prices in between.

What does this all mean for your trip to the supermarket or shops? The *Financial Times* Undercover Economist Tim Harford says that problems arise when:

'We forget about quality and let price tags determine our evaluations of the products that surround us, because the brain finds this a simpler exercise' (6)

Look at the behaviour of shoppers in the January sales. Having just spent December buying more items than during the rest of the year put together (and so being most likely out of pocket to one degree or another), does everyone then enter a monastic spend-free period?

No, of course they don't. It's time for the annual budget-free spendaholic binge! The reasoning behind this: the prices have been reduced.

When the shops are full of cut-price sale items, everyone is very concerned with grabbing bargains, less so with the value or necessity of the items in question. Now that really *is* letting the price tags determine how much we want those 'must-have' sale items.

In Part 2 there are a couple of fun ways to tackle the price vs value dilemma – One In, One Out and The Holiday Technique. Find out more at:

<http://www.online-writing-genie.com/money.html>

Behavioural Inflexibility

According to Professors Karen Pine and Ben C Fletcher, the brain is a habit machine. It basically wants to save mental energy. Fine-tuned by evolution to learn how to do the same things over and over, it is very good at responding to subtle environmental triggers.

This is a definite case of 'If you do what you've always done, you'll continue to get the same results'. The next time you are exposed to these triggers, your habits drive you to respond in exactly the same way as you did in the past. It's lyess work for your brain!

As you can see, the power of habit is like an unguided missile – it's all too easy to develop negative habits that are harmful to our well-being. For example, all of these things are habit:

- Eating too fast
- Shouting at your kids when you feel stressed
- Worrying about your next credit card bill

Worry especially is a very unhelpful habit, and should not be confused with 'just being realistic'. The worried mind does not look for solutions. Instead it tends to circle the problem, seeing it as more and more insurmountable.

Part 2 of *Change Your Money Mind* explains four ways that you can conquer this useless anxiety, and replace it with a 'can do' attitude to your problems.

Another example: some of you might think you are hopeless shopaholics, when in fact it is the sight of the word SALE that triggers a spending spree.

Most of us are unaware of just how powerful habit is. Fortunately there is some good news: you can learn to control these negative habits. More on this in part 2:

<http://www.online-writing-genie.com/money.html>

Taboo

Liz Perle points to the general taboo that surrounds money today. Most people would rather slit their throats than ask their friends what they earn or even what their house is worth. So a frank and open discussion about money problems over coffee with your pals is not something any of us can report having had in, say, the last 100 years.

When you start to lose control of your finances and spending becomes a real problem, there is not the open atmosphere around this subject that you find with other problems. Nowadays many celebrities openly admit to having eating disorders, alcoholism and drug habits, but do you hear them talk about spiralling financial chaos?

Personal finance problems have become the elephant in the corner that nobody will discuss – even with the spectacular worldwide recession of recent times, it's still the one thing that we feel uneasy discussing in company.

Conclusion

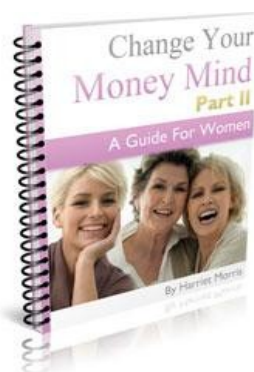
Not every woman is a spendaholic; not every woman needs financial guidance. Neither is it a case of 'men have it easy and pity us poor old females'. There *are* factors that negatively influence both men and women equally.

However the research into the influence of the right brain on female spending habits indicates that these influences may be aggravated by the dominant right brain in many women.

On top of this, there does seem to be a certain lack of financial confidence among some of us that is stopping us take control. We women do lack many of the role models for financial success that men take for granted – although fortunately this situation is changing.

The good news is that help is at hand – **do not despair!**

Change Your Money Mind Part II:



Take Control

Do you want to gain control of your spending and finances?

Wish you could look your bank balance in the face?

Anyone can do this.

Taking Control Of Your Money Mind Part II is all about controlling your money by learning how to stop overspending, and developing a fearless money mindset.

What's Inside?

Break Free Of Overspending

- Unlearn negative spending habits
- The vital thing to remember about using cash
- Easily and quickly assess how much you really need that 'to-die-for' item
- Find out what **the Holiday Technique** is and how it can help you to enjoy shopping more, while actually spending less.

Get your copy now at : <http://www.online-writing-genie.com/money.html>

Develop A Fearless Money Mindset

- A practical approach to managing your money. Even the most financially phobic can start turning things around today.
- Stop useless anxiety ruling your life and replace it with confident 'can do' attitude to your finances.
- Learn how the power of habit can sometimes actually help you in your quest to improve your money mindset.
- How ten minutes a day can save you £100s over time

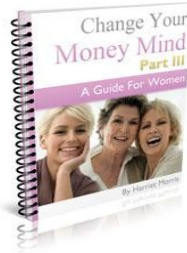
Go to <http://www.online-writing-genie.com/money.html>

Plus...Beat NYR Syndrome

NYR syndrome means **New Year's Resolution Syndrome**. Is your motivation to change your ways as high on the 31st of January as it is on the 1st?

Many people find sticking to their goals difficult once the initial enthusiasm has worn off. Here are two little known but very powerful tools (from respected self-help experts) that will dramatically increase your ability to make the powerful changes described above permanent.

Change Your Money Mind Part 3

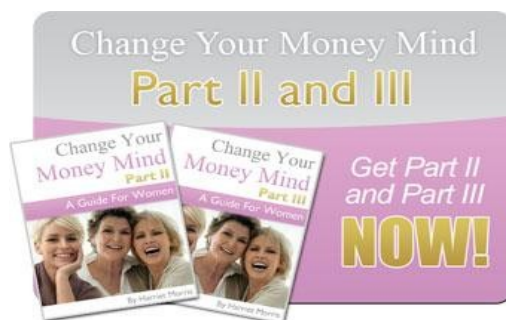


Create

Financial Security

It just gets better in part III. Here are inspiring stories of women who have created wealth and financial security from nothing: working mums, women with zero start up capital or business experience, women who lost everything but refused to take it lying down. I've even thrown in a few self-made millionaires for good measure!

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