

**Welcome!**

**Psychology of Spending:  
Teaching Families to  
Make Wise Financial Choices**

The webinar will start at 11:00 am Pacific. The call will be muted.

**Audio:** Dial (855) 212-0212, access code 744-892-087#

Please contact Orrin Banta at (530) 872-3896 ext. 4 or email [obanta@youth4change.org](mailto:obanta@youth4change.org) with any connection or handout related issues.

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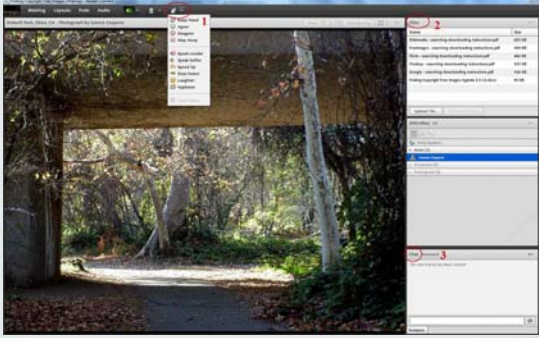
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**Interaction**




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**Moderator**



**Daniel Molina**  
*Director of Outreach and  
Special Projects*

**Presenter**



**Wynn Helms, M.A.**  
*Licensed Marriage and Family  
Therapist, Financial Literacy  
Coach*

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# The Psychology of Spending

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WHAT IS YOUR PERCEPTION?



Angry/Pensive?                      Angry/Pensive?

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How do you “perceive” money?  
What is its “real” value?



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## The real Value is the Value YOU give it

- **Status?**

- The More expensive, the Better?
- Hollywood's influence



- **Bigger isn't always Better**

- How much debt would you be in?



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If you think nobody cares...try missing a couple of car payments.



-Earl Wilson, Journalist

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## Why do we spend money?

- Because we "need" to...
- Because we "want" to...
- Because we were taught to...
  - What is your family history with money/finances?



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## Target—not the store

- Low income population are targeted
- Check cashing sites/Pay Day loans-interest fees



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## .Pay Day Loan\$ .Check Ca\$hing

West Los Angeles



Camp Pendleton



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### American Credit Card Debt Statistics & Key Findings - Updated May 2016

- Average American Household Debt: \$5,700. Average for balance-carrying households: \$16,048
- Total Outstanding U.S. Consumer Debt: \$3.4 trillion. Total revolving debt: \$929 billion
- 38.1% of all households carry some sort of credit card debt.
- Households with the lowest net worth (zero or negative) hold an average of \$10,308 in credit card debt.
- The Northeast and West Coast hold the highest average credit card debt - both averaging over \$8,000.

**Average Credit Card Debt in America**



| Household Net Worth  | Average Credit Card Debt |
|----------------------|--------------------------|
| Negative or Zero     | \$10,307                 |
| \$1 to \$4,999       | \$3,848                  |
| \$5,000 to \$9,999   | \$4,890                  |
| \$10,000 to \$14,999 | \$6,279                  |
| \$15,000 to \$19,999 | \$6,822                  |
| \$20,000 to \$24,999 | \$6,776                  |
| \$25,000 to \$29,999 | \$7,324                  |
| \$30,000 to \$34,999 | \$7,481                  |
| \$35,000 to \$49,999 | \$8,136                  |

ValuePenguin

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## Why do we spend money?

Maybe it's physiology...

Physiology Defined - the functions & activities of all physical and chemical processes

In other words—my brain made me spend my paycheck online...hmm...



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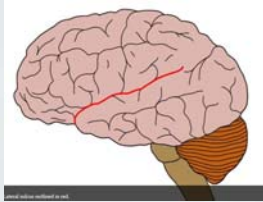
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## Brain Generated Spending? Hypothesis...

The **insula** is a small region of the cerebral cortex located deep within the **lateral sulcus**



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## Brain Physiology Or...

- Emotional Habit
- Conditioning



- Avoidance Activity
  - Activity that is unpleasant?
  - Feelings/Emotions?

If you always do what you always did, you will always get what you always got.  
- Albert Einstein



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“I love thrift shopping. You can get ten things because everything costs, like, three dollars”

Lorde, Musician



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### Seven ways to calm your impulses will help you cut back on spending:

1. Never use credit cards or other lines of credit
2. Withdraw cash
3. Pay as you go/track your spending
4. Be vocal about your savings goals
5. Reward yourself
6. Stop and ask yourself
7. Look at the future, no matter how uncomfortable it is

Suzanne Keatts  
<http://www.fpcv.com>

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Your decision from today forward will affect not only your life, but your entire legacy.

Dave Ramsey, economist, nationally syndicated financial advisor, creator of “Financial Peace University”

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## Lessons for Children

**Wait to buy something you want.**  
-Be a Role Model

**Help them make choices about how to spend money.**  
-The 3 "S"s: Sharing, Saving and Spending

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## Teach yourself about Credit Card Culture

-45% of Americans have carry over credit card debt

Average credit card debt:  
\$16,000

CREDIT CARD DEBT: \$16,000  
+ INTEREST: \$11,000  
TOTAL OWED: \$27,000



What would you do with  
**\$11,000?**

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## Basic Needs for Stable Families

- Seek and receive support when needed
- Knowledge of service available
- Adequate financial security; basic needs met
- Advocacy for self and family

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## Financial Services & Education

- Begin and/or continue a Savings Account
- Check your Credit Report once a year
- Being very careful and knowledgeable re Scams
- **Financial Planning and Budgeting**

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## Your Role....

- Encourage help seeking behavior
- Work with family on past experiences
- Help family navigate complex systems
- Help parent understand role as advocate
- Encourage reciprocity
  - Teach what you have learned

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## What do you notice....

- Open to accessing and utilizing services
- Positive experiences with services in past
- Specific barriers that make it difficult
- Personal behavioral traits the parent could address
- Parent buffers child from the stress

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## Resources

<https://www.forbes.com/sites/rent/2015/06/26/why-do-people-spend-money-they-dont-have/#3ef4564f1cc1>  
<https://www.wsj.com/articles/the-hidden-reasons-people-spend-too-much-1446433200>  
<https://balancetrack.org/psychology/index.html>  
<http://www.moneycrashers.com/psychology-of-money-saving-spending-habits/>  
<https://www.thebalance.com/the-psychology-of-spending-money-1289256>  
<https://www.forbes.com/sites/laurashin/2013/10/15/the-5-most-important-money-lessons-to-teach-your-kids/#1f9c6fe26826>  
<https://www.daveramsey.com/blog/9-ways-to-teach-your-kids-about-money>  
[www.valuepenquin.com/average-credit-card-debt](http://www.valuepenquin.com/average-credit-card-debt)  
<http://www.neuroscientificallychallenged.com/blog/2013/05/what-is-insula>

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