

## **STAWAR: Paying the Piper**

By **TERRY STAWAR**

Local Columnist

— Like most of us I have a love-hate relationship with my credit cards. On one hand they are convenient and easy to use, especially for online shopping. Of course, that is part of the problem. They are way too easy to use. According to money guru David Ramsey if you use credit cards instead of cash, you end up spending 12 to 18 percent more. Swiping a card is just not as traumatic as forking over the actual cash.

During the next few weeks the first of the holiday credit card bills will come rolling in for millions of Americans. Some people call this the real nightmare after Christmas. Holiday credit card purchases have grown 50 percent over the past five years and last year individual credit card debt increased by an average of \$630 user over the holiday season. The mortgage crunch, increased minimum payments and new bankruptcy laws may make things even more treacherous this year.

Bill Staler, a vice president at Consumer Credit Counseling Services says that their workload increases by 15 percent in the quarter following the winter holidays. Staler says that this year it is more difficult to use mortgage refinancing to pay off credit cards due to more stringent loan requirements and the loss of home equity for many people.

A 2004 survey showed that 73 percent of Americans believe that money is the top stressor and Dr. Harvey Brenner from Johns Hopkins University claims that economic instability is “the single most pervasive and continuous source of stress in our society.”

Psychologist Dr. Lynn Hornyak, who specializes in money issues finds that overspending and avoiding money issues are the two most common problems. Are there times when just can't stand to open a bill or look at a bank statement? To me balancing a checkbook ranks just behind having a tooth pulled on my list of favorite activities.

Money also has great symbolic significance. It may represent a way of keeping score in life or serve as a substitute for love and affection. The psychological significance of money can be seen by the reluctance of people to even discuss it. Many people would sooner discuss their children, relationships, or even sex lives, rather than their bankbooks.

There are also some important gender differences. Women often see money as a means to maintain security. For men it may represent power and substitute for physical appeal in attracting partners.

For many people money represents freedom of action and a lack of money may prevent us from making much-needed changes. Unfortunately it is not uncommon for people to stay in unsatisfying and even abusive relationships for the sake of financial security.

In their book “The Financial Wisdom of the Ebenezer Scrooge,” psychologists Ted and Brad Klontz and financial planner Rick Kahler identify the underlying culprit in most money conflicts as the “money scripts” we internalized as we grow up. Using Charles Dickens’ “A Christmas Carol” as a metaphor for how to transform your relationship with money, they show how Scrooge displays a variety of maladaptive money scripts. Money scripts are especially powerful because they are largely unconscious. They also tend to run in families. Family therapy authority Cloe Madanes has said that different family styles in gift giving and unresolved sibling rivalries are often the key factors in pathological overspending.

Some of Ebenezer Scrooge’s self-defeating money scripts included: Don’t trust anyone with your money, don’t spend money on yourself, giving to the poor encourages laziness, money will give your life meaning, and if you had more money, things would be better.

Interestingly enough, Bob Cratchit doesn’t come off much better. Bob also has his own destructive money scripts such as: There will never be enough money, money is to be spent not saved, you’ll be paid what you’re worth, and you don’t deserve money.

The authors question why Bob doesn’t quit defending Scrooge and just get a better job. Also they contend

that Bob should have gotten Tiny Tim the medical care he needed instead impulsively blowing his meager resources on a Christmas goose. This extravagance is often left out of film and stage versions of the work. It is estimated that today the Cratchit's Christmas dinner would have cost well over \$500.

Stawar family money scripts often made reference to the "poor house" My father, who grew up in the Great Depression, viewed money as security. He was constantly saying that we were driving him to the poor house by leaving on the lights, turning up the thermometer, or taking showers that lasted too long.

This script was well entrenched in me. When I left home for college I sold an old car and received a crisp new \$100 bill for it. Feeling insecure about being away for the first time, I kept the hundred literally in my shoe for over two years. Sometimes when I act anxious about money, my wife Diane says, "Would you feel better if you had a hundred dollar bill tucked in your shoe?" Unfortunately the answer is often "yes." And even now whenever I hear the furnace running, I still feel a pang of anxiety.

According to the Klontzs and Kahler being able to adaptively "rescript" is the key to developing a more functional financial life script.

There are other things you can do to help both now and in the future. Florida psychologist Cheryl Fellows says that due to financial stress, people often feel insecure and out of control after the holidays. She recommends that you try helping others and connect with family and friends to shore up your self worth and security.

Additionally many people need to take some practical steps. The following suggestions come from a variety of expert sources.

- Total all your bills so you know how much you actually owe.
- Pay on cards with the highest interest rates first.
- Sign up for online statements (e-mail balance notices for bank accounts or bills are great for chronic avoiders).
- Request in writing a lower interest rate or switch balances to a lower interest rate credit card.
- Establish a reminder system for making payment on time.
- Increase the amount you pay on every credit card.
- Change payment due dates to better match your cash flow.
- Cut expenses until holiday bills are paid (especial discretionary things like entertainment).
- Finally develop a detailed written plan for next year's holiday spending- maybe a Christmas club would help. The most important thing is to stick to your plan. Do not get caught up in the holiday fever and end up buying the kids the newest and expensive fad that will take six years to pay off or splurging on your own \$500 Christmas goose.

Since we don't have the ghosts of Christmas past, present and future to help, you might try one of these:

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#### Credit and Budget Counseling Resources

- Consumer Credit Counseling Service  
3602 Northgate, Suite 37A, New Albany, IN 47150  
800-355-2227  
[www.cccservices.com](http://www.cccservices.com)
- Hoosier Uplands Budget Counseling Services  
812-849-4447 or 800-827-2219  
[www.hoosieruplands.org](http://www.hoosieruplands.org)  
(Washington, Orange, Crawford, Martin, & Lawrence Counties)
- National Foundation for Credit Counseling  
301-589-5600  
[www.nfcc.org](http://www.nfcc.org)
- Association of Independent Consumer Credit Counseling Agencies  
866-703-8787  
[www.aiccca.org](http://www.aiccca.org)
- Better Business Bureau Tips on Choosing a Credit Counseling Agency  
[www.bbb.org/alerts/article.asp?ID=613](http://www.bbb.org/alerts/article.asp?ID=613)

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