



Wall Street will be bailed out, but you're on your own

By Brad Klontz

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Real estate prices are plummeting. Retirement accounts are shrinking. Investment banks are failing. Budgets are being cut and jobs are being lost. The news pundits are warning us that we might be facing another Great Depression, or even worse.

Chances are you are stressed about money, and you're not alone. A June 2008 survey by the American Psychological Association found that 75 percent of Americans said that money was the No. 1 stressor in their lives - and that was before the economic meltdown.

Some of us are furious at the government, believing it should have done more to stop this from happening. Others believe it was the government's meddling that created this mess in the first place, and that the last thing America should do is "bail out" Wall Street and the CEOs who took irresponsible risks. Certainly, all have played a role in our current economic crisis, and it is important to let our congressional leaders know what we want them to do or not do to fix the problem.

However, the back story to the current state of Wall Street was written years ago on the Main Streets of communities all across our country. It might be cathartic to blame "the system" for what has happened, but that is just part of the story. It is just as important to acknowledge our role in setting the stage for this mess. According to September's AARP Bulletin, prior to the Wall Street crisis the average American household had become buried under mortgage debt of \$84,911, car and tuition loans of \$14,414, home equity loans of \$10,062 and credit card debt of \$8,565 - a total \$117,952 per household. With the accessibility of easy credit, no down payments and interest-only mortgages, the average American has become a credit junkie. And just like a drug addict who has run out of resources, the average American is hitting a financial bottom.

Whether or not Wall Street is bailed out, rest assured that you won't be. But in this time of unpredictability, there is an opportunity. While we now have little control over the economy, we can get honest with ourselves and take control of our own financial lives. To do so, we must take a break from pointing fingers and take 100 percent responsibility for our self-destructive financial decisions. If we focus all our anger at the jerks on Wall Street and avoid looking at our own behaviors, we lose the opportunity to better ourselves. We doom ourselves to repeating the same mistakes, missing opportunities to improve our financial health and leaving ourselves excessively vulnerable to the next inevitable market downturn.

The real threat to our financial health lies not in the worsening economy, but within ourselves. For many of us, our financial stress is the result of "money scripts," those self-limiting beliefs about money that

drive financial behaviors. Money scripts are tied to our past experiences around money, often originating in childhood. When money scripts are based on faulty assumptions, such as "the market will always go up," "don't worry about the future" or "I deserve to have it now," they can lead to disordered money behaviors, including overspending, excessive debt, bad financial decisions, an inability to save and reluctance to follow through on good financial planning.

The basics of financial health are simple and well known by most Americans: save for the future and don't spend more than you make. However, just like with smoking and overeating, information about sound financial health often is not enough to change destructive money behaviors. What's needed is a shift in beliefs. For smokers and overeaters, the wake-up call can be a health crisis. Some take the opportunity to change, while others ignore it and speed up their demise. The current economic crisis offers just such an opportunity for the credit junkie.

If you are ready to embrace this opportunity to improve your financial life, consider taking the following steps:

» **Face Your Fear.** You must admit you have a problem before you can solve it. While financial denial relieves stress in the short run, it can lead to financial ruin. Open your bank statements, look at your investments and take an honest inventory of your financial choices and what they have cost you.

» **Visit Your Past.** Self-destructive financial behaviors are often linked to painful financial experiences in your past. Maybe you were poor and could never afford the things you wanted. Perhaps you grew up wealthy but felt guilty about it. Identifying those experiences and the resulting money scripts that accompany them can help release their grip on your life.

» **Open Your Present.** Gaining clarity on your money scripts and where they come from helps open your eyes to your current financial reality. This clarity inspires you to gather information and explore new strategies.

>> **Envision Your Future.** Identifying your long-term financial goals will help inspire you to make needed sacrifices and take steps to achieving your goals.

» **Transform Your Life.** When you get honest about your financial reality, explore your past experiences around money, replace dysfunctional beliefs with accurate ones and get a clear vision of what you want, you are ready to take action. Find a professional you trust to help you review your goals, asset allocation and risk tolerance, and create a plan to help you move forward.

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