

# MIND OVER MONEY MATTERS

IN AN EXCLUSIVE EXCERPT FROM HER NEW BOOK, *REAL MONEY ANSWERS FOR EVERY WOMAN* (AMISTAD), MONEY MAVEN **PATRICE C. WASHINGTON** OFFERS THE SECRETS TO LASTING FINANCIAL FREEDOM  
ILLUSTRATION BY ELSA MEHARRY

# MONEY & POWER

**E**very woman, at some point in her lifetime, will have to take responsibility for her financial affairs. Whether it comes about voluntarily or involuntarily doesn't change the fact that it *is* inevitable.

Studies show that while women earn less in the workplace, they're forced to spend more time and money on the caregiving of children and aging parents, and they live longer than their male counterparts. Studies also show that when women get involved with financial matters such as investing, they tend to be better at it than men, due to innate qualities like patience and self-control. So why then are countless women forced into managing their finances, rather than naturally gravitating to it? Lack of both formal and informal education surrounding the topic could be one reason. Another argument I've heard is that "old school" gender roles suggest that men handle finances while women just trust that all is well. I'd venture to say that this mode of thinking isn't really "old school," but is still prevalent and perpetuated in a modern society that praises any show with the term "housewives" in the title, even when those women are successful and professionally established in their own right.

My own journey with personal finance began in 2003, shortly after my college graduation. What I thought would be just another night of Bible study turned into a financial seminar that would change the course of my life. I sat down with my bills and realized that at barely 22 years old, I had racked up \$18,000 of credit card debt. I saw the numbers, but it still took a few hours to register that I was in way over my head. I'd received tons of grants, scholarships, school loans and parental assistance. I even worked a full-time job through my entire collegiate career. I never had to put a textbook on credit. Unlike many of my friends, I never needed a cash advance to cover the rent. There were no designer purses to show for the debt, not even a lavish spring break trip to reminisce upon. Making one small poor decision after another, over the course of less than four years, led me to that moment. And I wanted out! Once I began to do the hard work of getting my finances in order, I realized my journey didn't begin at 18 years old with the free T-shirt I got for signing up for a credit card. It began many years before. It began when I sat in Sunday school and heard people talk about money being the root of all evil. It began at 4 years old, when I carried my mom's expired credit cards in my Betty Boop purse, because it made me feel grown up. It began when my dad, who knew a lot about money, gave me an allowance but never had a conversation about just how to spend it. All innocent experiences, but detrimental nonetheless.

The money journey for each of us begins well before the layoff, the divorce, the bankruptcy or the foreclo-

sure. It begins with subtle, indirect conversations during childhood. The human brain isn't fully developed until the age of 21. In childhood and adolescence, we can't fully understand the long-term consequences of our actions. All a child knows is what they learn by observing the world around them. For example, I learned early on how to avoid what I thought to be the annoying calls of a creditor. As a 6-year-old, I was the family's caller ID, answering those calls only to lie and assert "so and so isn't here right now" while someone nodded to me, "Good girl," in the background. The lesson here: the way to deal with collection calls is not to deal with them.

Please know I'm not sharing this so you can go out and blame your pastors and parents. Now that you're an adult, this is all about you. And besides, the best thing about childhood is that it's over! The best is yet to come, and despite how the story began, you have an opportunity to write the happy ending you desire.

You don't have to be a money maven to live a life with adequate savings, peace of mind and freedom from harassing creditors. But you will have to take action! This journey is a process that takes hard work and effort on your part. Being sound financially is a personal choice, hence the term *personal finance*. By implementing the lessons you learn here, as well as continuing to seek out answers to your most pressing money questions, you establish your commitment to defining and determining your own destiny.

The back of my business cards once read, "Changing roots, changing fruits, changing lives." When I handed them out, people always asked me to explain what it meant. In a nutshell, fruits represent the results we see in our lives each day. Your bank account balance, where you live, the opportunities that come your way and the relationships you currently have are all your fruits or outcomes. When people desire to make a change in these areas, they falsely assume that if they switch banks or move to a new city or dump the person they're dating, then everything in their lives will improve. But what happens when the same results creep back in, even in a new environment or with a new person? Well, you end up with the same fruits. Until you change your roots—the stuff deep down on the inside that causes you to think or act a certain way—you will never change your fruits, and you will never change your life. Think of it this way. If you reap what you sow, can you really keep planting apple seeds and expecting oranges? Can you really continue to buy your children everything under the sun and expect them to respect money?... I'll wait. This isn't about just learning how to write out a budget or balance your checkbook. It's not about starting a business or earning a promotion. The desire and discipline to do all those things consistently and successfully must come from somewhere else. It starts with your thoughts, values, beliefs and mind-set. Your road to wealth begins within.

Building wealth has 100 percent nothing to do with money; it has 100 percent everything to do with you and your mind-set toward money. This statement is how I've opened every financial talk I've given for the last several years. Initially, I see people smirk as if that statement itself is the greatest myth they've ever heard. You may be no different. Who can blame you? For countless years you've heard, witnessed and experienced mind-sets, attitudes and myths about money that just don't add up.

Listen up and pay very close attention here. Contrary to popular belief, financial success isn't really about money at all. It's about recognizing where these beliefs were formed and reconditioning them to support the life you desire, deserve and have declared you will work diligently to bring forth. You should know we all have those lies, large and small, that we tell ourselves to justify why we do the things we do. The reality is, however, that every single decision you make is either helping you or hurting you. There really isn't much gray area there. Whether or not you choose to acknowledge it now really doesn't matter. Your long-term financial standing will inevitably show you what you deemed important during your short-term decision-making. Uncover the lies—I mean, mind-sets, attitudes and myths—that have been holding you back from financial freedom.

**Building wealth has 100 percent everything to do with you and your mind-set.**

#### IT WAS AN EMERGENCY.

Let's get clear about what emergencies are. *Merriam-Webster* defines the term *emergency* as "A serious, unexpected and often dangerous situation requiring immediate action." With that being said, dipping into your emergency fund (or opportunity fund, which you'll learn more about later) for expenses that you were fully aware were coming up is *not* an emergency. Cars wear and tear. You were aware of that when you drove off the lot. Car registration is just a fact of life. And if you live in a state like Georgia, which makes sure you know when your registration is due by billing you on your birthday each year, there's no excuse. It's important to make every expense a line item on your budget. Even those things that are quarterly or annual expenditures can be planned for on a monthly basis.

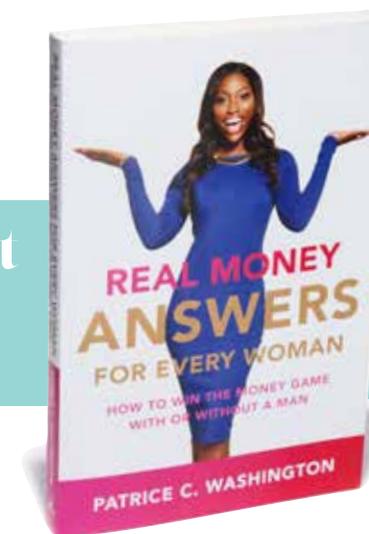
#### I BOUGHT IT ON SALE.

Oh, yeah! We've all fallen for this rationale at one time or another. The reality is most people are in debt because

of *stuff*. It's impossible to get out of debt if you're committed to buying more and more stuff instead of truly being financially free. One way to avoid this trap is to stop walking around the mall and window shopping and stop surfing your favorite online sites. I'd even go as far as unsubscribing from all the tempting newsletters with the "great deals" in your e-mail in-box each morning. Instead of convincing yourself that you're saving, begin to ask yourself, "Do I really need this?" Remember that buying something you don't need is never better than saving money for your actual needs. Think of it this way, when you're on a weight loss diet, is it really wise to walk through food courts scouting out samples of fresh baked cinnamon rolls and greasy pizza? Exactly.

#### A COUPLE BUCKS NEVER HURT ANYONE.

Speak for yourself. I heard someone say once that the \$1 menu is the quickest way to go broke. It's the small charges that add up and inevitably break the budget and the bank. I have more clients that get caught up in \$34



overdraft fees for a quick \$5 swipe at the gas station than anything else. Ever enjoy a \$36 bottle of water or candy bar? Yeah, nothing is that darn good. If millionaires are concerned about watching the bottom line and keeping up with every penny, I suggest you start sweating the small stuff, ma'am. Again, it's important that you get in the habit of asking yourself, "Do I really need this?" or "Can I find this somewhere else for less?" even with the purchases that may seem like no big deal.

#### IF I MADE MORE MONEY, THIS WOULD BE EASIER.

Just stop. No it wouldn't. Without discipline, you could double your income and still have tons of debt and no savings. Hell, you could triple it this year and be worse off than you are today in less than three years. How do I know this? We've all heard of the entertainers, athletes,▷

and—my favorite—lottery winners, who end up flat broke and in deep debt despite having access to millions. Don't assume that more money is the answer. If you refuse to dig deep and get serious about managing \$100, then having \$100,000, whether you won it or earned it, will not all of a sudden make you better with money. I know it's hard to believe, but just trust me on this one.

**I DON'T MAKE ENOUGH TO SAVE.**

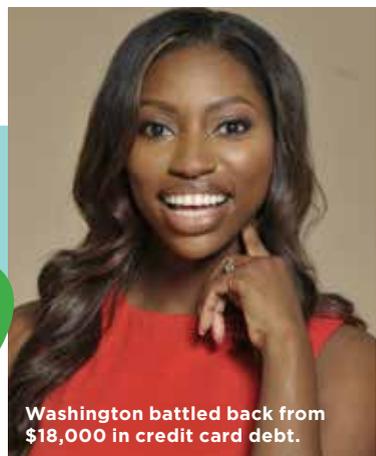
Ouch! I've been bitten by this one before. One of the lines I once told myself and probably hear most often is, "I can't afford to save, pay down debt, blah, blah, blah." The line I can now offer back is, "You can't afford *not* to save!" I recently sat down with an adviser friend from one of the country's largest financial firms. He told me that his most successful clients all have one thing in common: They are disciplined about their savings and clear about their values and goals. He shared candidly that some of the families with the best portfolios are those that have earned less than \$80,000 per year, but have been saving and investing for decades. The very folks who believe they can't save somehow manage to

blogs, professional coaches and nonprofit counseling agencies offering complimentary classes on credit and money management for you to remain in the dark. Find a few resources that work for you, and just stick with it. You have to start somewhere.

**IT'S GOOD DEBT.**

Where did this ridiculous rumor originate? Despite what you've heard, student loans and mortgages are *not* good debt. There's no such thing, in my humble opinion. The best debt is the debt you don't owe anymore! If you're only keeping your mortgage for the tax write-off, try this: Give more to your place of worship or favorite charity. You can write that off without all the wasted interest payments. Are there times in life when you'll need to leverage debt to advance? Of course. But when you classify something as "good," there's no intention or intensity behind your desire to get rid of it. When you understand that repaying someone considerably more than you borrowed is a waste of your hard earned money, you can get serious about a plan to pay off the debt.

Am I really helping the people I'm giving to over and over again, or am I hurting them?



Washington battled back from \$18,000 in credit card debt.

give the bank \$34 per overdraft fee each month or \$29 for late credit card payments, I'd venture to say, if you can pay the bank money every month involuntarily, there should be a way to squeeze out a few bucks to give your savings account voluntarily. It doesn't matter whether you start putting just an extra \$10 toward paying off your debt. You have to start somewhere, and you have to start today.

**I DON'T KNOW ANYTHING ABOUT MONEY.**

I'm sorry. Is that still supposed to fly these days? With search engines like Google at your fingertips, I'm not sure you'll get any sympathy on this one. You don't have to be an "expert" to know that if you spend less than you earn, save money, invest money and plan for the future, then you'll likely be better off in the future. This timeless wisdom has been passed on for generations by ancestors who didn't have access to the education you've enjoyed. Isn't it worth the time spent doing a little extra research to get rid of harassing phone calls, have money saved and have greater options in case of an emergency? There are far too many personal finance books,

**I'M JUST A GIVING PERSON.**

By nature, women are givers. And I really believe that's a great thing. It's one of the characteristics I love most about us. But there came a point when I had to ask myself a few questions about this giving nature: *Am I really helping the people I'm giving to over and over again, or am I hurting them?* How much more could I give if I didn't have all this debt? Can I keep giving to the point of my own deprivation?

I hope a few of these mind-sets, attitudes and myths have struck a chord, as they were designed to do. Now that you know the thoughts and beliefs that have been misleading you and causing the personal finance results you've had so far, it's time to learn how to change them. The sooner we can tell ourselves the truth, the sooner we'll be able to take charge and change our financial lives once and for all! □

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