

# Money and Life Values<sup>1</sup>



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<sup>1</sup> This resource was derived from the National Endowment for Financial Education's Smart About Money initiative.



# Section 1: Behind Your Values

## 1.1 - Why Do You Make the Decisions You Make?

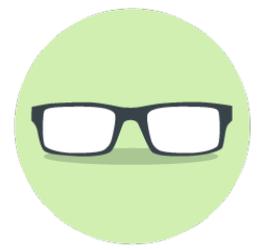
The decisions you make every day are only partially based on facts and logic. For example, logically, you know that healthy foods help your body perform better than junk food. But even though you have this knowledge, and even if you want to eat well, you still might find yourself reaching for a doughnut instead of a banana.

Why? Because the other part of decision making is influenced by inner drivers that you likely are not even aware of. Everyone develops ideas of their needs, wants and “shoulds” beginning in early childhood and these ideas change throughout life depending on your experiences.

Despite your logical voice telling you to eat the banana, your inner drives might look for comfort, or even rebellion, by eating the doughnut instead.

These needs, wants and shoulds become the values that affect all of your decisions. They come from many sources, including:

- Parents, guardians, siblings and other family members
- Friends and peers
- Teachers, coaches and mentors
- Groups you belong to (religious organizations, clubs, teams)
- Organizations and authorities (service agencies, police, community groups)
- Media (news, social media, movies, TV, magazines, music, advertisements)



# Section 1: Behind Your Values

## 1.2 - Hidden Messages

Some messages are very direct. For example, if parents have a rule against cellphones at the dinner table and everyone follows the rule, the message is clear. On the other hand, if parents say they don't want cellphones at the dinner table, but they break the rule themselves, this sends a confusing message.

When it comes to money management, children learn through direct teaching from their parents and teachers, but they also learn by watching. They see how their parents and guardians manage money; they see how their friends and friends' families spend money; and they get messages from TV, movies, advertisements and many other sources.

Hidden or mixed messages about money in childhood can turn into adult habits. If you are told that you should save money, but childhood experiences convinced you that saving money is impossible because you're just "not a saver," or if spending money was a way for you to rebel, or a way to find comfort, then as an adult you might sabotage your own savings because you are acting out unconscious beliefs you picked up in childhood.



# Section 1: Behind Your Values

## 1.3 - Changing the Message

Every time you make a decision, you tap into your values in search of the choice that will move you away from frustration, fear or discomfort and toward peace and calm. Every time you make a decision, you look for the option that will make you most comfortable. Whether you know it or not, you sometimes choose options that are not good for you because they are easier and cause less stress in the moment.

**Financial decision example:** Should I make this purchase?

**Inner drive:** Will this purchase make me feel less frustrated and stressed?

**Personal decision example:** Should I trust this person?

**Inner drive:** Will trusting this person ease my fear and make me feel more peaceful?

**Health decision example:** Should I eat this cupcake?

**Inner drive:** Will eating this cupcake make me feel more satisfied right now?

You already know what happens when you do things the way you've always done them. Whether your goal is to stop a bad habit or to start a healthy one, the key lies in making different decisions than you normally do.

So, even if your logical mind says "Don't eat the cupcake," your inner desire to feel comforted might overrule what you know is best for you. Once you recognize that the voice in your head telling you to eat the cupcake is really crying out for a feeling of relief and comfort, then you can search for other ways to give yourself what you really want, instead of going into autopilot. You might still eat the cupcake, but you will know why.

# Section 1: Behind Your Values

## 1.4 - Pressure to Belong



A lot of problems are blamed on “society,” but when you really look at it, society is just a network of smaller social groups, starting with your family and moving outward to your extended family, friends, coworkers, neighbors, community leaders, state and national governments, and so on.

Society, and each of the smaller communities that it is made of, has rules and expectations that urge you to fit in with the mainstream — for better or worse.

Whether you know it or not, you judge your own behavior by testing social rules to see what will happen. Some social rules are very unique to your culture and background, while other rules are the same for just about everyone.

Just as a toddler acts out to see what he or she can get away with, you have spent your whole life pushing up against rules to better understand how to get what you want.

For example, let’s say that all through elementary school you found math fun and interesting, which made you work harder. But when you got to middle school, your friends started to say that math was pointless and a waste of time; they stopped paying attention in class and barely did homework. They even started to call the students who performed well in math class nerds and losers.

You were faced with a tough choice: Would you pursue your own love of math, knowing that you might lose your friends? Or would you choose to keep your friendships even if it meant falling behind and sacrificing your own interest?

The answer lies in your values. If you valued your own growth and academic achievement, you likely would choose math over your friends. But, if you valued your friend group more, then you likely would have thrown your calculator in the nearest trash can.

# Section 1: Behind Your Values

## 1.5 - American's Beliefs about Money



The social rules about money in American culture can be confusing. On one hand, Americans are told to be responsible with money. If you break this rule, or if you even appear to be irresponsible with money, you might feel stress, fear and a deep feeling of shame as a result.

Feeling stupid, careless or ignorant about money can harm individuals, and also can be passed on from parents to their kids, creating a cycle of unhealthy money habits within a family.

On the other hand, there also is a lot of pressure to buy things. Just think of all the advertisements you see in a typical day urging you to spend money.

This pressure to buy more stuff is not just about fashions and trends. Falling behind can have real consequences. Technology is changing so fast that if you can't afford to upgrade to a new phone or a new computer in a certain amount of time, you can get left behind. The pressure to keep up and consume new products is a necessity if you want to participate in today's world.

It is possible to balance these two American social pressures — financial responsibility and consumer consumption — but it helps to understand the hidden drivers behind your decisions. Gaining control of your financial life starts with better understanding yourself.

# Section 1: Behind Your Values

## 1.6 – Inner Values: Psychological and Spiritual



Inner life values are personal. They include our identity and our social identity, the desire to worship (or not) as we please, our need for safety and security and many other aspects of the “real me.” Inner values also shape our sense of purpose and meaning in life, and the principles by which we live. We all have such values; they are rooted in how we see ourselves and how we believe others see us.

### Overview

- Personal identity (how we see ourselves)
- Social identity (how we believe others see us)

### Areas of Influence

- Sense of purpose and meaning in life
- Desire to worship (or not)
- Need for safety and security
- Desire for freedom and independence
- Control over goals and priorities
- Need for personal space
- Preference for working alone or with others
- Outer success vs. inner happiness

### Effect on Money Habits

- Strong inner values means trusting your gut and following the inner voice, which can help you get through a sudden money crunch.

# Section 1: Behind Your Values

## 1.7 – Social Values: Family, Friends and Community



Social life values are about feeling that we belong with other people. Caretaking, budgeting as a couple or family, and sharing expenses are part of social values. How we handle money is connected to our unique family histories, including habits and beliefs we picked up from our parents, siblings and childhood experiences.

Social life values connect us with other people our own age, like friends and peer groups, as well as organizations, clubs, political parties, cultural and ethnic groups, and our community, city, state and nation.

### Overview

- The desire for belonging with family members, neighbors, friends, coworkers and communities
- Includes organizations (e.g., clubs, sports teams, schools, professional groups)

### Areas of Influence

- Desire to be alone or with others
- Caring for others
- Charity and volunteering
- Budgeting and sharing expenses with a romantic partner
- Feeling connected to political parties and representatives
- Social justice and civil rights

### Effect on Money Habits

- How you handle money is, in part, tied up in your unique family history.
- Habits and cultural rules learned from your family and other close relationships influence your later money habits.
- Sometimes you might unconsciously “act out” in your adult money habits in response to messages you received in childhood

# Section 1: Behind Your Values

## 1.8 – Physical Values: Health and Environment



### Overview

- The tangible aspects of life, the external world, our physical health and well-being

### Areas of Influence

- Amount of space we need to feel comfortable
- How satisfied and fulfilled we are by beauty and material possessions
- Physical comfort of our bodies and what we do to stay healthy
- Desire for pleasure and comfort
- Appreciation of art, fashion, architecture and design

### Effect on Money Habits

- Strong physical values might make you spend a lot of money on material possessions, but not always. Sometimes strong physical values show a desire for quality. For example, you might be willing to spend more for craftsmanship and design.
- Strong physical values might cause you to get more insurance to protect your valuables, or to spend money on home improvements and self-care (e.g., gym memberships, beauty treatments, dry cleaning, interior design).

# Section 1: Behind Your Values

## 1.9 – Financial Values — Sufficiency, Sustainability, and Appropriateness



Despite what it sounds like, having strong financial values doesn't necessarily mean being wealthy or even having a lot of financial knowledge — a person with very little money can still be driven by financial values.

The person with strong financial values desires accuracy, organization and discipline. He or she thinks about getting the best deal, and recognizes perks beyond pay, such as a retirement plan and health care, when assessing a job offer. Even if he or she isn't formally investing, a person with strong financial values enjoys growing their money.

### Overview

- What we think or believe about money
- Even people without a lot of money can have strong financial values

### Areas of Influence

- Having enough money
- Wanting money to last
- Making appropriate money choices
- Bargain hunting and getting a good deal
- Saving for long-term security and short-term goal

### Effect on Money Habits

- Strong financial values can mean you enjoy saving and growing your money.
- You might think more carefully about your purchases than other people, and resist needless spending.
- People with strong financial values can be great financial educators, both professionally and personally, giving guidance to family and friends.



## Section 2: What You've Learned

### 2.1 – How to Use What You've Learned

When we are unaware of our values, we randomly feel our way through the Inner, Social, Physical and Financial Life Values without consciously thinking about it.

But, when we understand our hidden inner drivers, we can ask ourselves which option fits best with our values. We can recognize where we are on autopilot, and choose to stop doing things that cause us unnecessary stress.

### Making Financial Decisions

When faced with a financial decision, examine your choices in terms of the four Life Values. Ask yourself questions like:

- Which option will make me feel more secure or in control? (Inner)
- Which option will help me enjoy my surroundings more? (Physical)
- Which option will connect me with others? (Social)
- Which option will be most appropriate, given my resources? (Financial)

Compare your answers to how you scored on each of the four Life Values on the quiz. **The quiz can be found in the [supplementary resource section](#) of the “Financial Planning Videos” webpage located in the caregiver hub.** If your answers conflict with your Life Values scores, you probably will feel uncomfortable with your decision. The discomfort can be mild or intense, depending on the importance of the decision.

Use your evaluation to settle on the option that best aligns with your values in every category and that makes you feel most satisfied and comfortable.

## Section 2: What You've Learned

### 2.2 – Break the Cycle of Family Life Values



Experiences from your childhood influence your decisions today. Whether spending money, managing money, or making investment decisions, you can re-enact your original family culture without being aware of it. In fact, you might copy a parent's behaviors even when you do not like those behaviors.

### Your Unique Financial History

With only a few minutes of thinking, you can uncover information about your childhood that will help you understand your relationship to money today.

**Step One:** Think carefully about what went on in your childhood and how you interacted with your parents or guardians and siblings when it came to:

- Your allowance
- Discussions (or fights) about money
- Silence when you asked questions
- The purchases you made
- The things you wanted (and whether you got them)
- The purchases and decisions about money that were made for you
- Write a few notes that you find important or surprising about these childhood experiences, or any other money memories from growing up that stand out in your mind.

**Step Two:** Write a brief description of your most positive childhood memories about money or the things you knew money could buy. What did you enjoy? What were the special features? What made it special?

**Step Three:** Write a brief description of your most negative childhood memories about money or the things you knew money could buy. What did you most dislike? What experiences related to money and finances made you unhappy when you were a child?

**Step Four:** Now, compare your childhood experiences with your positive and negative financial habits as an adult. Do you recognize any childhood patterns brought into adulthood? If so, do they fit with your adult values and lifestyle, or do they make you feel uncomfortable? It is time to claim your own values and start aligning your actions with who you really are today.

## Section 2: What You've Learned

### 2.3 – Life Values for Spouses and Partners



If you share money decisions with a romantic partner or other family member, this document and the Live Values Quiz will benefit you most if you both participate.

When both you and your partner understand your life values, you can uncover problems and smooth the way for better communication. These relationship benefits can affect other personal and professional choices as well.

#### Getting Started

Work through the Life Values Quiz and the exercises on your own. Spend some time reflecting on your own life history and decision-making style. Then ask your spouse or partner to take these exercises also and compare your results.

#### Life Values Quiz

Take the Life Values Quiz. **The quiz can be found in the [supplementary resource section](#) of the “Financial Planning Videos” webpage located in the caregiver hub.** Compare your scores in each of the four Life Values (inner, social, physical, and financial). Discuss the similarities and differences in your values, particularly where your spouse or partner scores low and you score high, or vice versa.

#### Life Values Exercises

Talk about where your values differ and where they match.

Where your values line up, you can strengthen your financial decision making together as a team, and move more quickly toward your goals.

Where your values are different, you can gain understanding of your partner or spouse’s family history and motivations when making financial decisions. This will help you make future financial decisions, because you will better understand where you each are coming from, and what you are willing to compromise.