

# Values-Centered Financial Education

*Understanding Cultural Influences on  
Learners' Financial Behaviors*



**Lois A. Vitt, Ph.D.**

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## About the Author

**Lois A. Vitt** is the founding director of the Institute for Socio-Financial Studies (ISFS), an independent nonprofit research and education institution that researches, evaluates, and publishes studies on consumer financial education and the social psychological influences on financial behaviors. The Institute's mission is to bridge the gulf between organizations—public and private—and individuals and families. Its purpose is to help them understand one another's viewpoints, values and cultures. ISFS fosters personal finance, investor, and financial literacy education policies, strategies, and practices that help people more smoothly navigate today's complex socio-financial marketplace and world. The Institute also researches ways that organizations can become more proactive players toward helping individuals and families understand the language, terms, and conditions of their financial transactions.

Prior to founding ISFS, Dr. Vitt was a financial securities principal and an executive in financial services and mortgage finance companies. She earned an Executive MBA at Pace University and her Ph.D. in sociology and social psychology at American University. She brings her business experience and social and behavioral research skills to ISFS where she has directed nationwide benchmarking studies on personal financial education. Dr. Vitt has also directed feasibility, strategic, and evaluation studies in the finances of aging and retirement and employee workplace financial education in both military and civilian settings. She is the editor-in-chief of the *Encyclopedia of Retirement and Finance* and author of books and articles on the psychology of housing and homeownership, personal finance, and the finances of healthcare.

## Acknowledgments

The Institute for Socio-Financial Studies (ISFS) and the author is grateful to the National Endowment for Financial Education (NEFE) for the generous grant (Grant Project #3223, "Social Influences on Consumer Financial Behavior: Going Beyond Financial Facts") that advanced the research to make this guidebook possible. We are grateful to Jean Landis for her research skills and assistance, to Lynn Gerlach who crafted an early draft of this document, Joyce Thomas for her insightful help in making the text timely, Karen McMahon for her technical and graphics skills, and Sue Bernard for her patient reviews, suggestions, edits and good cheer.

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## Chapter One Starting with Values

A *value* is something deemed worthy in and of itself by an individual or a group. In personal finance, it can be a standard of conduct (*being responsible*) or a principle that a family adheres to and believes is appropriate (*living within one's means*). Society depends on certain values—like order and cooperation—so it can function. Individuals depend upon personal values to guide their behaviors with what is acceptable and what is not acceptable.

### ***Values Form the Foundation for Educational Goals***

As financial educators, you stand for something—a commitment to increase your learners' financial knowledge and motivate them to save and invest for their future well-being. You also stand *on* something—a foundation of personal and social values that has inspired you to be a teacher of personal finance.

Some of your best insights come from your students, and in turn, you are in a unique position to ignite their interest in financial concepts and motivate them to practice new financial behaviors. This guide is intended to help those interactions along: to stimulate your thinking about values—yours and your learners'—and to bring them into your group discussions.

When you listen closely to the values of your learners, you will quickly discover what matters most to them. Soon, you will begin to see value patterns that, paradoxically, will

help you focus on their *individuality*. This is key to teaching personal finance effectively and making a difference in the lives of learners.

### ***A Different Way of Listening***

Participants in your financial education seminars and courses are facing ever-changing complexities largely unknown to their parents and grandparents. They are encountering a bewildering array of necessary decisions as they assess the financial considerations and problems they are encountering.

Will they have enough money to keep their homes? To educate their children? To deal with illnesses and other unplanned emergencies? To retire? What should they do if their business is failing or they lose a job?



The answers lie in understanding and practicing, not only the basics of budgeting, spending, and saving, but also in learning:

- The financial and marketing worlds around them and how they function;
- The health and retirement benefit policies available to them so they can select the plan (or employer) that is best for them;
- The terms and conditions of the contracts they sign;
- The customs and practices of financial institutions, and the corporations, retailers, and government agencies with which they transact personal business;
- The views and voting records of the politicians that represent them.

In short, as financial educators, you must also become savvy in these areas, so that you can teach individuals to address and handle the many complex financial issues that confront them as they live and age in contemporary society.

They look to you for guidance not only in basic budgeting, but for the motivation to overcome an economic environment which has increasingly become more impersonal and more uncertain.

They need your help in locating and using resources that will improve their chances of successfully coping with the financial realities they will encounter—after your seminar or course—as they navigate the future.

You can convey both realism and optimism to learners to help them avoid, or get past, feelings of helplessness or hopelessness. You can be the catalyst to help them understand that by changing how they look

at their finances and the environments in which they live and work, they CAN learn to secure their financial future under any set of economic conditions.

So how do you approach such a heavy agenda?

First, we have changed the typical reference of financial literacy to financial *competence*. That's because we'd like for you to emphasize to learners that being competent where finances are concerned is both a desirable and an achievable goal! Next, we will outline the significance of taking a new approach to financial education.

### ***Becoming Financially Competent***

This brief Guide, *Values-Centered Financial Education: Understanding Cultural Influences on Learners' Financial Behaviors*, contains tools for you to use to help learners identify the underlying values that motivate them to make sound financial life decisions. You will soon see that by approaching finances through individual and social values, you can put the “personal” back into “finance.”

This can be of great help in alleviating the sense of helplessness and/or anxiety often associated with money matters—especially during periods of adversity. It also eases the way for the discussions and discoveries that will help learners make better choices. Finally, it can give YOU more confidence that you are getting learners to the root of their habits, a necessary place for anyone facing the need for long-lasting change.

The objective is for you to use the simple exercises at the back of this Guide to help them think more broadly about complex money issues. This will help them more readily consider the underlying—often

unrelated—concerns that usually accompany their financial decisions. The exercises are based on research across disciplines as diverse as behavioral finance, the social sciences, and even the physical sciences, on why and how we all make financial decisions that either enhance or sabotage our present and future financial well-being.

### ***The Need for a New Approach***

So how do you approach your tasks as financial educators, despite a one-size-fits-all curriculum we call financial literacy education? And how do you evaluate the job



***This brief guide...contains tools for you to help your adult learners to identify the personal values that drive sound financial life decisions***

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you do as financial educators? Do you know whether your particular pedagogical approach is working?

Consider Marilyn, a 42-year-old nurse practitioner, who attended a benefits education seminar provided by her employer. The purpose of the seminar was to teach the importance of saving for retirement using the 401(k) plan the company had set up for Marilyn and her colleagues. She knew it was critical.

She and her husband weren't getting any younger, and they had done virtually nothing about saving for their retirement years. They owned their own home and had built up equity over 12 years, but like other couples they knew, Marilyn and Duane had dipped into their home equity to remodel the kitchen, take a nice vacation, and upgrade to two new SUVs for their growing family.

Now Marilyn was determined to listen carefully and finally start saving conscientiously for the years when she would no longer be able or willing to work.

She took good notes and, at home, discussed them with Duane. But, many months later, she had not opened a 401(k) account, nor had the couple saved at all for retirement. She had, in fact, taken over part of the costs of her mother-in-law's medical bills. After that payment, there seemed to be even less to put aside.

Then, the general economy went south, and Marilyn's employer no longer matched 401(k) funds. She and Duane had missed this optimal opportunity to begin the process of committing to save for their own financial future.

So, did the presenter of Marilyn's 401(k) seminar fail in his efforts to educate? Was Marilyn ready to take action, but simply unmoved or uninspired by a financial educator who just didn't get the message across? Or was Marilyn not really as ready to commit to a retirement savings plan as she appeared to be?

## ***It's Not Only about the Money***

There has never been a greater need for Americans to develop more effective habits of saving, spending and investing. Job stability and income security fluctuate and are increasingly difficult to assess. When jobs are lost, replacement jobs could be hard, sometimes impossible, to find.

Employers offering health and pension programs that seemed secure to earlier generations are shifting increasing costs to employees. Social Security, Medicare, and Medicaid, are shrinking and, if some politicians had their way, they could even disappear. While government bailouts made headlines, the writing on the wall is clear for individuals. The responsibility for financial security and well-being is shifting from government to citizen, from employer to employee, and from business to consumer. The prospect of financial hardship, especially later in life, is looming larger.

So how can you help with the financial knowhow that many in our population so desperately need?

## ***Bait and Switch?***

It seems as if the consumer just can't win. First, financial institutions encouraged them to spend more and save less by making credit and home financing all too easily available. Then, the very same institutions cut them no slack when borrowers and homeowners found themselves in over their heads. Now, when the economy needs the boost of lending, they are overly leery of making loans, even to the credit worthy.

Let's get back to Marilyn. Individuals like her have access to financial planning and assistance from the Internet, the library,

faith-based groups, financial institutions and a host of other resources. Yet, they seem to gain little or no traction in improving their financial security.

To conclude, however, that financial education—as presented to Marilyn—has not worked, is not a solution. If the nation as a whole is going to move in the direction of responsible spending and prudent saving, education and financial transparency must be provided at every societal level. Every one must act responsibly from government to institutions to individuals.

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***Health and pension programs that seemed secure to earlier generations, as well as Social Security, Medicare, and Medicaid could shrink or even disappear***

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Personal financial educators must help individuals see and understand the worldview that underlies their approach to financial decision making while:

- 1) Educating them about the financial and commercial marketplaces; and
- 2) Motivating—*inspiring*—them to navigate their financial lives.

Think about this: Asking individuals and families to manage their finances with greater competence is promoting *nothing less than counter-cultural behavior*.

That's right! The social influences on financial decision-making behaviors are so pervasive that it is necessary for financial educators to *focus less on the perceived shortcomings of individuals and more on the*



*context of their cultural and social environment.*

While this guide offers a solution that is backed by research, it is not an easy pill to swallow. Indeed, dedicated financial educators who thrive on making a real difference in the lives of their students may be “doing everything right,” but it is just not working. The good news is that the “disconnect” between what individuals know about finances and their subsequent financial behavior can be explained and understood.

If you are an individual who comprehends the art and science of financial education, and you are dedicated to imparting your knowledge, you can make a huge difference in people's lives. You simply need to add to your toolbox a new understanding of the way people make decisions, including financial decisions.

When you start to see that financial decisions are often not about money at all, real education can begin—the kind of education that changes behavior over the long term. *In time, it can even change the way the marketplace does business with us!*

And we simply cannot wait much longer for a pervasive behavioral change—not just in individuals, but in society. That's the message this current economic environment is sending us loud and clear.

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***.....real education can take place—  
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behavior over the long term***

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Many Americans are trying to make the decisions that could put them on the path to

financial solvency and future security. These are some findings based on the 2009 Retirement Confidence Survey (RCS) by Mathew Greenwald & Associates and the Employee Benefit Research Institute (EBRI):

- Among all workers, 75 percent say they and/or their spouse have saved money for retirement, one of the highest levels ever measured by the RCS.
- Among workers who have lost confidence in their ability to retire comfortably, 81 percent say they have reduced their expenses.
- And 38 percent reported working second jobs.
- More workers (72 percent, up from 66 percent in 2007) are planning to supplement their income in retirement by working for pay.
- Confidence is down. Only 13 percent of workers say they are very confident about having a comfortable retirement.

Now, even the savings cushion of home equity has disappeared down a black hole of mortgage debt for nearly 25% of our population. According to some economists, as reported by Bloomberg News, this number could climb to 30% as job losses continue.<sup>1</sup>

From a purely objective standpoint, those statistics are disturbing. Also from a purely objective standpoint, the situation ought to be fixable.

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<sup>1</sup>Bloomberg News quoted Dan Levy in an August 11, 2009 article posted on zillow.com.



Isn't money simply math, and doesn't everyone learn at an early age that, once you've spent all you have, it is gone, and you have to replace it?

### ***Where the Disconnect Occurs***

How frustrating it must be if you are a financial educator, and you have been relying on "doing the math" for learners!

Why haven't you been able to translate those incontrovertible mathematical facts into positive, long-lasting behavior changes? Therein, of course, lies the problem: The solutions you are offering are objectively simple, clear as day, black and white.

Yet, when you think about it, most financial professionals tend to operate objectively and rationally. Mathematics is pure logic isn't it? If you can be helped to do the math, you ought to be able to see the logic behind it and change your ways, right?

But it is exactly in this logic that the disconnect occurs, because all human beings, make decisions based on their life needs, wants, shoulds and values (which we'll discuss at length in upcoming chapters). What we sometimes forget, and maybe never even learned, is that our values—the measure we use for making most financial decisions—are based on everything that we, as individuals, have ever known, have ever experienced, suffered, achieved or been taught.

Although no two individuals are exactly alike, you will learn in *Chapter Four* that all of life's decisions, including financial decisions, fall into four descriptive *LifeValues* classifications. We all make our decisions on the basis of: inner values, social values,

physical values and financial values. But certain values influence us more than others.

As you might suspect, many of you are usually attuned to your financial values. You, therefore, are more likely to enjoy the gifts of logic, objectivity and financial discipline as you make financial decisions and choices. But not always—after all you are human too.

And does your spouse or partner, and/or your children, share your particular financial values? Maybe yes, but maybe no.

Some learners undoubtedly prioritize their financial values, and when they do, all it might take is one seminar, a spreadsheet and a pep talk to create a disciplined saver and investor.

But financial educators will not put all of their learners on the road to sound financial management by crafting curricula that emphasize only the financial basics of everyday life. Consider the sizeable numbers of people whose decisions—even their financial decisions—are driven instead by what we call their inner, social, and physical values!

Think about it. Money decisions, big and small—from whether to park a block further away from work and save money—to the purchase of a too-expensive home—are best when they are values-based choices. And, believe it or not, our decisions, even those involving money, are almost never only about the money!

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***Financial decisions are really not just about the money!***

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For individuals whose life experiences have disposed them toward “financial values,” the choices are quite clear when the numbers add up.

Folks who follow their financial values tend to enjoy their jobs mostly for financial benefits: in particular, the great retirement plan and health care coverage. Waiting to find a real bargain gives them great pleasure. Saving for long-term security as well as short-term goals is simply a “no-brainer” and rather painless.

They enjoy “hands on investing” and value accuracy, organization and discipline. People who make their decisions mostly on the basis of financial values are right at home as accountants, investment analysts, stock brokers, insurance agents, and teachers of economics—both macro and micro.

They often see the world around them filled with people who make very poor financial decisions, even though they themselves may be generously inclined to teach or otherwise exert positive influence on the saving and spending habits of others. Many sponsor financial education classes that are organized quite logically by common themes or topics that everyone needs to know:

- Financial basics: budgeting, managing debt, building credit, saving;
- Investor training;
- Retirement preparation;

- Specific financial topics – i.e., health care, home buying, annuities, etc.

This approach works, (although increasingly this is being questioned), as long as financial values are prioritized by the majority of learners. But they aren't, so we need to listen closely to exactly what their priorities really are and learn to work more closely with what matters most to them.

***The Need for a New Approach***

For learners who fail to follow today's socially acceptable norms, the financial consequences may include foreclosure and eviction, collection procedures, or even personal bankruptcy. There is simply no question that the stakes today are higher than ever. There is a greater-than-ever need for a change in financial decision making, change that is based on effective education, strong social support, and feedback.

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***We all are influenced by our subjective values, needs, wants and “shoulds”***

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This is not just important for us personally, but it is one of the lynchpins of our society's future success.

As you already know, financial competence shapes one's life course in extended ways by enhancing access to health care, credit, asset accumulation, investment income, and asset protection. If individuals are to seek out and commit to financial education, however, they need motivation, and since they already know too well the financial consequences of illness, a pink slip, divorce, investment loss or poor choice, how do we do that?

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***You are in the unique position to help learners discover their values, to help them prioritize those that matter most***

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Promising improvement in financial knowledge hasn't resulted in a rush by many people to take financial education courses. Nor can you change the potentially devastating consequences of poor choices or self-sabotaging behavior. But being able to help learners understand the cultural and social factors that cause them in the first place can!

Attempts that are purely programmatic, hastily conceived, lacking in theoretical rationale or empirical foundations have mostly failed. The kind of intervention required involves tapping into "soft" or inner dimensions of people's perceptions and feelings. And that means hands-on, solutions-based, values-centered teaching. It also means social support for both teachers and students.

Lasting behavioral change requires people to experience change at deeper levels while understanding their own behavior in relation to self, family, and the greater society. But many financial educators themselves lack basic understanding about consumers' target behaviors, the social contexts in which they occur, and the factors that determine, reinforce, and stabilize those unproductive behaviors.

In fact, consumer decision making is based only in part on the kind of objective "facts" and information that can be taught, even when the education or coursework comes at a hefty price. Individuals, instead, are

influenced by a set of subjective values, as well as perceived needs, wants and "shoulds." Such inner drivers are instilled in everyone beginning in early childhood. They continue more or less throughout life, and change slowly depending upon our life experiences.

Within each of us is a set of decision drivers. They have developed gradually, often "invisibly," through every facet of our culture, as well as our personal psycho-social histories. A one-time seminar, a six-week course, or even the diligent, long-term mentoring by a savvy financial instructor becomes a few pieces of a colorful mosaic of social influencing factors.

Our subculture and social position teach us, ever so subtly, what we need and want. We also are taught how we "should" behave in nearly every circumstance.

These cultural influences come from teachers, both secular and spiritual. They also include—usually with much greater effect—our family and peer groups when we are very young; the organizations and authorities that impact our lives; the groups we join, and the media in its many forms.

Such is the cultural plasma that runs through our veins as surely as blood. To ignore those pervasive influences on the decision making character of the American consumer is to fail to make any appreciable, long-lasting difference in behavior.

Your task as a financial educator is no less than to teach learners to *value* financial competence by understanding its connection to other deeply held values—of safety and security, autonomy and control, identity, peace of mind, family and belongingness, pride in accomplishment, and other such standards we all set for ourselves.

You are in the unique position to help learners discover their values, prioritize those that matter most, and assist them in transforming their everyday decisions into values-based choices. Shortly, you will begin to see patterns emerge, and you can then help students have greater empathy for partners, parents, children and others who may have different priorities. Objectifying priorities, unlike simplistic “personality differences,” can greatly enable individuals to mediate frustratingly difficult money differences in the home.



The goal is that by assisting learners to appreciate the complexity of their situation, they (and you) will deepen self-understanding and help to transform entrenched old financial behaviors.

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***Aligning behaviors with cherished values will become your goal. Meeting this goal requires awareness of the influences that are working against these values.***

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Renewed commitments to financial competence will begin to surface *from within*, the only way such a commitment is meaningful. Helping learners to align behaviors with their values will become your goal. Meeting this goal requires your full awareness of the myriad of cultural and psychosocial influences that are working vigorously *against* these values.

## ***The Challenge for Financial Educators***

Making this change in approach will necessitate going “against the grain.” Traditional views of financial education see “inner-directed approaches” as intrusive, going where the financial teacher does not belong.<sup>2</sup>

While traditionalists might wish to keep financial education from veering away from the financial side, there are “life planning proponents,” who understand that the key to financial wellness is to put the learner’s life values at the center and then help make their valued goals attainable. While money is pivotal in achieving our goals, financial decisions are really not just about the money; they are also about issues that cannot easily be quantified.

And qualitative, subjective topics can be more difficult to deal with than the pure logic of responsible financial choices. The teacher who ventures into this important territory must elicit a “feeling” connection within learners in addition to objective financial data. In other words, you must learn to communicate in both realms.

*Everyone remembers the teacher who got to know and understand them.*

Many of us—especially in tough times—appreciate the need to clarify our life goals and take a comprehensive new approach to our financial decision-making behavior. And we want financial educators who will help us do it.

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<sup>2</sup> Zelizer, Viviana A. *The Purchase of Intimacy*. Princeton, NJ: Princeton University Press. 2005.

The next chapters of this Guide will introduce you to the factors that drive consumer decision making. For one who already understands compound interest and speaks the language of amortization and annuities, the only missing piece of the puzzle is a deeper understanding of learners' financial motivations.

To your own great credit and understanding, you can help them learn *how and why* they decide to spend or save, invest or fritter away money. You can help them gain their own insight into the development of their inner consumer, and get this: it is no big mystery! The process is how each of us comes to need, want, value and even feel guilty about decisions that, perhaps for you and other financial professionals, might have looked much closer to black and white.

In *Chapter Two* we will explain how human decisions are made, not just on the basis of thinking, which is probably where most financial educators focus their intervention, but just as heavily on the basis of feelings. We'll guide you with the tools needed for you to become competent in dealing with aspects of your students' decision-making processes, as well as the financial facts of their lives.

In *Chapter Three* we will show you how decision making is a dynamic process during which the individual strives to feel comfortable. And we will also explain how

becoming aware of these dynamics can help learners take the steps needed to improve their future financial decision making.

As consumers move from feelings of frustration or discomfort toward harmony or equilibrium, they consciously or unconsciously tap into their values domains: "Inner Values," "Physical Values," "Social Values," and "Financial Values." Once you know how to help learners recognize their values, and how they drive or influence their financial decisions, chances are greater that you can make a real difference in their lives.

Learners will be able to see the importance of their values, and you can subsequently help them create a sense of self-efficacy by:

- 1) Challenging their sense of self-sufficiency without overwhelming it;
- 2) Providing support and reassurance during the learning process;
- 3) Ensuring success at various points; and
- 4) Confirming that success with positive feedback.

You can learn to combine your professional training in financial matters and your intuitive sense of the logical and rational with a clear understanding of the learners' decision-making process. Then you will have the key to helping others begin to solve their perplexing financial behavioral puzzle.



## Chapter Two

### The Cultural Influences on Everyone's Financial Behaviors

Jerry began his career as an insurance agent, selling mostly life insurance policies. Gradually he moved more and more into the investor education field. As he aged, he began to work more often with pre-retirees, offering seminars on saving and investing and talking with learners about annuities to protect their future financial security.

Eventually Jerry found great fulfillment in giving free informational presentations on annuities in particular and retirement planning in general. His seminars opened many doors for him, and he was able to discuss retirement savings and insurance needs with many couples in their forties and fifties.

Jerry felt he was making a real difference in lives. When he finally reached retirement age himself, well prepared financially for the big step, he was disheartened to learn that a great many couples who had seemed to take his advice about planning for retirement ended up, in the long run, not much better off than they had been before they met him.

Many sponsors of financial education believe that, if given more financial knowledge, individuals will choose to be prudent when making spending, saving and investing decisions. This hope does not always square with the evidence. The 50% of workers and retirees we met in *Chapter One* who had saved nothing at all for retirement have not been living in caves. They have had access to financial information and financial education, and in some cases, have availed themselves of the opportunity. Their lack of prudent

decision-making has probably not been due to a total absence of sound, objective, even persuasive evidence.

Like all other consumers, they have made their decisions the only way socialized human beings can—within the powerful context of culture. If Jerry could have learned how culture influences human decisions, he might have guided a great many more hard working couples to a secure, enjoyable retirement. Figure 2.1 on the following page depicts the flow of social influences—including cultural influences—on consumer financial behavior.

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***All human life is experienced both individually and collectively, because we are all social beings...***

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Whether we like it or not, financial behavior is choice behavior. It is both motivated and habitual, and it is highly subjective. Even more important, behavior is shaped and internalized from birth by every aspect of culture.

### ***Never Underestimate Culture***

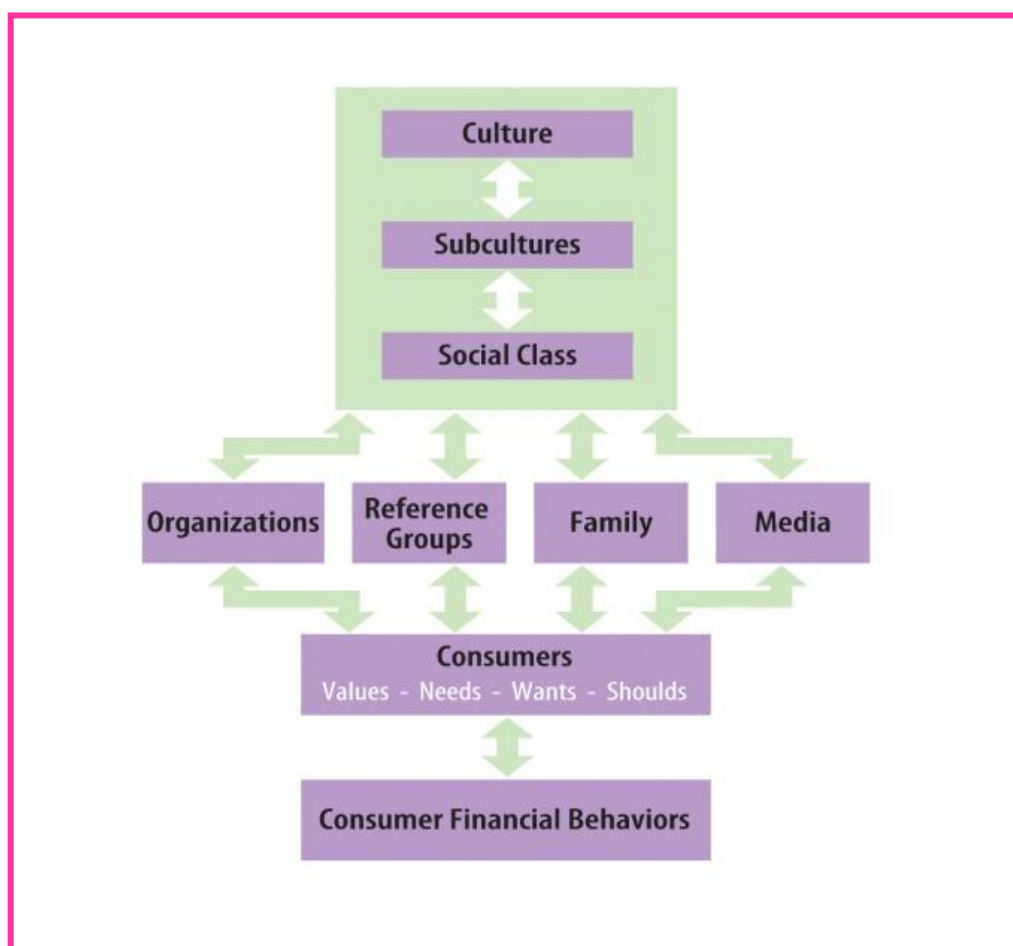
The more you know about your learners' cultural contexts, the closer you will be to unlocking the secrets of their financial behavior. You will more easily recognize how self-defeating decisions happen. Perhaps even more important, however, is seeing the cultural factors that establish and

reinforce everyone's financial behavior—and *make it quite resistant to change*.

Culture is a very broad term, taking into account our ethnic backgrounds, religious affiliations, childhood neighborhoods, caregiver relationships, educational

opportunities, family traditions, myths and legends and so much more. All human life is experienced both individually and collectively, for all human beings are social beings, born into a culture that shapes their thinking, feeling, wanting and needing. Within the collective, the individual forms

**Figure 2.1: Flows of Cultural Influence on Consumer Financial Behaviors**



*personal values*, the ideals or standards that will guide his or her preferences and decisions. At the same time, the individual is surrounded by *social values* that represent the standards

and principles of the larger social framework. Within that framework, society guides the behavior of individuals through rules and expectations—*social norms*—promoting control and conformity, for better or for



worse. Some of those norms ultimately involve consumption and the manner in which individuals handle their personal finances.

Individuals learn to evaluate their own behavior by testing social norms and experiencing the consequences. In American culture, violation of social conventions related to financial responsibility can result in the stress and suffering of a heavy debt load or, even worse, the pain and emotional shame of the inability to right one's financial course and become self-sustaining once again.

Nevertheless, the pressure (and permission) to consume—beyond our means or not—is also a significant cultural force. When violated, we experience social and personal consequences, since much of our personal and social identities are tied to the nature of what we consume. Almost every one of your learners struggles with a multitude of conflicting cultural, social and intrapersonal issues when making financial decisions.

Within our broad social framework, the social environment includes interaction between and among individuals and groups of individuals. These might be as small as the nuclear family or the country club membership rolls or as large as whole nations and international conglomerates. On a macro scale, the individual interacts within a culture, several subcultures, and social classes. On a micro level, interaction might be face-to-face, with friends or peers, or common interest groups and clubs. Each of these social entities, large or small, transmits values, symbolic meanings and behavioral norms.

The social environment depicted in Figure 2.1 on the previous page shows how consumers can be influenced at various

levels. Within one society, members of certain subcultures might share many cultural values but pursue them in different ways. Ethnic subcultures, for instance, might express what it means to be Vietnamese or Irish or Hispanic differently while all adhere to the very same national identity: American. These differences can be explained by the relative influence of family, organizations, reference groups, and even geography. That is why a student from a big city might choose an elite urban business school while her counterpart from a rural community would rather attend the leading state university to obtain the same degree.

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***Within one culture, several subcultures might share many social values but pursue them in different ways***

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Notice that the arrows on Figure 2.1 on the previous page point in both directions. The individual influences his or her organization or reference group, and social classes exert influence on the broader culture. Consumers are not merely passive pawns of the social environment, as politicians and marketers might like us to be.

As we make decisions within the social environment, we feed back our values by way of our behaviors. In that way, each reference group and individual helps to perpetuate or alter the status quo.

If the overwhelming majority of American consumers, for example, established retirement savings accounts within the next five years and consistently and faithfully contributed to them over their working lifetimes, the traditional American cultural values of self-sufficiency and future

orientation might be rejuvenated and reinforced in just a generation or two. This is where the savvy financial educator who understands human decision-making can help to revolutionize American financial behavior.

### ***American Culture: a Case in Point***

In 1984, author Robert Kohl, developed a list of thirteen American values. Although the list has been somewhat modified and adapted over the years, it is still pretty spot-on for American society as a whole. Kohl indicated that we Americans value:

- Personal control over our own environment, looking out for our own self-interests;
- Change associated with personal progress, improvement and growth;
- Time and its control, to be used wisely on productive tasks;
- Equality and egalitarianism, with a disregard for hierarchies in class and power;
- Individualism and privacy, valued above group cohesion;
- Self-help through sacrifice and hard work;
- Competition and free enterprise rather than cooperation;
- Future orientation, based on the belief that we are in control of our future;
- Action and work orientation, valuing hard work over leisure;
- Informality, including casual dress and speech;
- Directness, openness and honesty, valuing personal opinions and feelings;

- Practicality and efficiency, making us a pragmatic, industrious lot;
- Materialism and acquisitiveness, because possessions are the products of hard work.

These values stand in sharp contrast to the commonly held values of many other countries. In the U.S., as mentioned earlier, we further divide ourselves into sub-cultural groups. Their memberships filter and further influence values that drive behaviors. And through our behaviors, we clearly communicate our valued identities to the larger social collective and beyond.

### ***Our Family— Our Caregivers***

The influence of family in shaping the financial decisions we make later in life should not be underestimated. Some parents model disciplined financial behavior and transmit values concerning saving, credit, debt accumulation, future orientation and independence, others don't. But this is not always black and white. Family members often give and receive mixed signals as they encounter their own financial realities. Never the less, many primary caregivers within the home teach us their habits, judgments and problem solving strategies. They instill both conscious and unconscious ways of thinking about "doing" money, finance and consumption.

Consider Jennifer, a bright 11<sup>th</sup> grader who scored at the top of her class on standardized tests, charmed teachers and peers alike with her vivacious personality, and did her best to fit in and be stylish. Few people at school knew the reality of Jennifer's life. She was living in a tiny unkempt apartment with her single mother who seldom could keep a full-time job. When money was short, Jennifer's mother, Lori, carried a valuable possession to the local

pawn shop and exchanged it for cash. When a paycheck came in, Lori retrieved the item from the same pawn shop, paying four times what she had received when she had earlier surrendered it.

Once when Jennifer became ill, Lori tried to make an appointment with the doctor they had seen, off and on, over Jennifer's lifetime. But the doctor would not see them until they paid off their long-standing debt of \$350. Although Jennifer didn't smoke and never wished to start, she watched her mother spend their precious few dollars on cigarettes—and on beer and marijuana.



***The influence of the family unit in shaping our financial decisions later in life must not be underestimated***

Jennifer is a smart girl. She takes economics in school, and she's done fairly well in Algebra and Geometry. In "Introduction to Business," she has learned the basics of accounting, creating budgets, cash flow statements and managing invoices and payments. By school standards, she should be on her way to financial responsibility and a fairly secure future. But will she be making sound financial decisions when she is 25 or 30? What are the chances?

Fast-forward ten years. Only after a savvy, supportive financial educator helps Jennifer finally come to grips with her early life influences has she been able to see and grow out of the otherwise inexplicable, self-sabotaging financial behaviors that have plagued her—despite the subjects she had mastered in school.

This is a crucial lesson for caregivers and educators alike. Parents and primary caregivers sometimes talk to their children about money (and sometimes they do not), *but their actions speak much louder than words*. Attitudes about money and bills and debt and spending are modeled more than they are communicated in words.

Financial behavior formation is crucial for educators to understand, because it results from deep seated and often unconsciously held values taught through words and actions. Habits can be established simply by watching the behaviors of others. Thus, we all grow into our Needs and Wants, Shoulds and Values without even trying.

But cultural values can and do change. With the rise of the Age of Knowledge, materialist values seem to be giving way to "post-materialist" values that emphasize self-expression, self-esteem and aesthetic satisfaction. Today's "acquisitiveness" mentioned by Kohl is often less about valuing objects of comfort as symbols of hard work and more about valuing objects that are symbolic of our "Want Self."

In addition, our Needs and Wants have expanded as our society has become more complex, and consumption more often becomes a "cultural strategy" to demonstrate differences in identity, social status, and lifestyle. When objects symbolize the "Self," the scramble for more and more consumer goods is on, driven by TV, broadcast, print and Internet advertising.

Under the influences of media, business, government, and financial markets, individuals have embraced these habits and practices and have perpetuated them. They are shaped by the habits they have internalized, just as Jennifer might have been influenced by her mother's behavior, until

she was lucky enough to offset that influence by a wise financial educator. It is this kind of critical understanding that can help students achieve financial competence.

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***Parents and other caregivers talk to children about money or they don't, but their actions speak louder than their words.***

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### ***Subcultures and Social Classes***

Educational programs related to the finances of daily consumer life must take into account the social position of the people they are intending to serve if those programs are to maximize their effectiveness. Within the broad cultural framework are subcultures, distinctive groups whose life patterns differ *in part* from the dominant cultural pattern.

Members of groups often share values, beliefs, and goals as well as traditions, symbols and rituals. And they might be based on multiple combinations of factors: gender, race, religion, age, geographic community, and so on. Some examples include educated female voters, nursing mothers, elderly Jewish retirees, military retirees, and Asian-American immigrants. Any person can belong to multiple, overlapping groups.

In addition, the individual members of a group are not identical to each other because they each hold cultural distinctions not shared by some other members of the group.

### ***Subcultures Matter***

They can influence values that drive financial behavior. For example, some ethnic groups tend to be particularly thrifty. Some

subcultures are open about their financial status while others consider financial information highly personal, even secret. In making financial (and all other) decisions, a person's self-identification, situational context, and social affiliations all play a part. Market segmentation by sub-cultural identity works well for retail marketers and politicians. ***It is time for financial educators to learn to tap into that same knowledge.***

Although social class hierarchy is not as obvious to Americans as it is to other cultures, it is still a powerful force in our society. Over the past two decades, the income gap between wealthy Americans and those at the middle and bottom of the pay scale has widened. Working America, with stagnant wages, is shouldering a larger proportionate tax burden and responsibility for health insurance and retirement security. Obtaining an education at the college of one's choice, for most, is often tied to social class. Yet even here financial educators can make a difference when they can teach skills and social policies that can provide the financial aid across such class based boundaries. Class differences appear to be widening in spite of extraordinary advances in technology, communications, science, medicine, and social policy. America still celebrates the cultural value of upward mobility, but the reality is that many are also sliding downward at the present time and a permanent American underclass may be hardening.

### ***The Role of Organizations***

Children develop their personalities, reject or accept social norms, and form their personal values by interacting with parents and significant others. Once those personal values begin to take shape, they give birth to the child's beliefs, attitudes and behaviors,

usually bearing some similarity to those of the nuclear family. But the socialization process does not begin and end in childhood. While core values tend to form by the adolescent years and are resistant to change, they can and often are reshaped by later life experiences, including social contacts and education in tune with the individual's values.

All children learn financial values—and all other values, including inner, physical and social values—primarily at home. When that home, whether affluent, middle-class or impoverished, fails to provide psychological security, negative financial habits are almost a given. Individuals can gravitate toward materialism, for instance, when their basic psychological needs are not met.

A child who fails to develop a strong sense of personal safety, security, autonomy, competence or relatedness, regardless of his parent's bank balance or investment portfolio, may be at risk for developing a materialistic value system.

We sometimes erroneously assume that young people have become materialistic in their orientation because they were showered with material things as children or, conversely, because they never received the toys and belongings they desired. In truth, their consumerism often is an outgrowth of their unfulfilled need to feel safe and secure or to feel competent in the eyes of a parent or to feel securely connected within the fabric of the family. Financial educators seeking to help their learners break habits of uncontrolled spending will have a much greater and long-lasting impact by first helping them determine what childhood conditions may have nurtured such consumerism.

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### ***Organizations permeate a society, and everyone feels their influence***

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While the family is a powerful force in the development of our decision-making behaviors, it is only one facet of a multifaceted culture to which each of us is exposed. Organizations influence how we behave by spoken word and ritual and dogma. Children in scouting might learn to “conserve and be thrifty” if the words are matched by opportunities to practice these behaviors. When scouts participate in recycling programs, help plan “green” building projects, work with adult leaders on program budgeting—they are likely to grow up with a desire to conserve and be thrifty. In fact, they might be surprised to learn why they feel badly when they do not practice these same behaviors as adults.

Children who participate year after year in mission outreach projects through their family's religious institutions will internalize altruistic sharing as a value. Those who are taught to volunteer in community projects will probably develop strong social values.

On the other hand, a child who is sent each year by doting parents to schools and summer camps attended by the affluent, consistently pressured to display signs of material wealth during the critical adolescent years when wanting to “fit in” is key to popularity, may very well internalize strong values connected to tangible or physical things.

Fast forward twenty: Money is extremely tight. A spouse urges moderation in choosing finishes for a home makeover, but that now grown child might feel instead a visceral need for granite countertops and expensive wooden built-ins that their budget cannot



accommodate. Who would have thought that schools and summer camp could have such a hold on a developing psyche? The fact that one's income or bank balance cannot support such expensive choices is far less compelling than years of having been exposed (and feeling entitled) to luxuries.

Organizations permeate a society—schools, faith organizations, governmental authorities, workplaces, retail and virtual shopping organizations—and everyone feels their influence. People of all ages interact with organizations, and many people work, pray, and live within them. The longer they remain in the organization and the more actively they participate, the more likely that organization will influence their values. Often these values are overtly expressed and publicly embraced: Without apology, the conservationist spawns a lifelong “green outlook”; the loyal patron of an investment bank feels an affinity for investing and wealth management.

But subtler, unspoken influences, especially during the formative years, are just as likely to color one's values, even though their effect may be much more difficult to detect.

*Everyone* internalizes organizational values and behavioral norms. As we move in and out of organizations, we must navigate their competing interests in the decisions we make. Therefore, it is not always easy to determine exactly how an organizational affiliation affects a learner's financial decision-making.

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***... behaviors can be changed by proactively re-socializing people into a particular value system***

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Future chapters will address how to help students identify their own values and discern what old, worn-out messages they might be responding to. Research and practical experience strongly support the notion that behaviors can be changed by proactively socializing people into a particular value system.

Many 12-step programs are based on this behavioral dynamic. Such socialization can be negative as well as positive; witness the behavioral uniformity of gangs, cults and extremist religious or paramilitary sects.

Clearly, human behavior can be changed, for better or worse, through a reoriented cultural value system. We have seen it when people feel compelled to spend freely, “*because everybody is doing it*” and when people are afraid to spend at all, “*because job layoffs are so high that my job might be the next to go.*”

### ***The Role of Reference Groups***

Organizations are powerful socialization agents, but other reference groups have just as strong an impact on our developing values. Reference groups are the groups with whom we identify our interests. Their qualities are the reference points we use in evaluating our decisions about how to think or act. They provide our benchmarks for what we decide is “normal” or “desirable” and they contribute to our developing self-esteem. They can deeply contribute to our patterns of consumption.

Such groups are sometimes referred to as “value groups” because they provide us with the shared experiences and events that shape our values. Certainly baby boomers who experienced Woodstock, anti-war protests and campus disorder can trace some of their current behavior to the values

shaped by those shared generational experiences.

In his book *The Code of Culture*, Rapaille notes that we give meaning to anything through the cultural prism formed during the *time* in which we grow up. People who were young children during the Great Depression grew up to be the fighting force and spouses of the World War II military. They have been called “the greatest generation,” and their habits of thrift and saving for a rainy day are in stark contrast to the financial habits of many in later generations.

If we fail to account for these cultural factors, however, and merely deliver objective financial information in our classrooms and offices, we will overlook the decision making process during which learners handle, consciously or unconsciously, all those objective data.

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***If educators fail to account for cultural factors in their classrooms and offices, they will miss the key to helping their learners improve their financial decisions.***

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Reference groups can include a child's peer group at school, neighbors, and community groups. We often respond to a reference group to which we belong or want to belong: Frank never wanted a bicycle because his older brothers and friends never rode bicycles.

We also respond to reference groups to which we do *not* belong: Charles walks six blocks out of his way each day to avoid a group of thugs who frighten and intimidate him.

When Frank and Charles are adults, it will not be necessary for them to recall and dissect every cultural event or reference group that might have influenced them. However, when they find themselves exhibiting financial behaviors that seem out of tune with their lifestyle or goals, an understanding of how their early reference group experiences influence them today can help them make rational decisions about altering unproductive habits.

### ***The Corporation: King of the Reference Groups***

It is wise to keep in mind that our reference groups, and even our organizations, are often corporations, which are probably the most pervasively influential entities in our lives as consumers.

Public policy issues are framed, debated and increasingly resolved in line with corporate interests. Certainly the corporation Mom or Dad (or other caregiver) works for looms large in a child's life. Its products or services, its logos and tag lines, can become part of a child's identity. Even Girl Scout cookies are an organizational identity.

Older readers will recall the day when no teenager would be caught dead displaying a corporate brand on clothing; that was called simply wearing your clothes inside-out or leaving the tag showing. A corporate logo on a pair of athletic shoes? Never! Of course that all changed. Today we do not think twice about dressing ourselves and our children in attire bearing words like LaCoste, Hilfiger, or the Nike symbol.

Corporations might be the most pervasively influential of organizations, and they introduce themselves into our reference



groups so subtly that we fail even to recognize their presence.

Corporate trends have helped reshape American culture by linking happiness to the satisfaction provided by material “stuff.” We Americans internalize corporate culture all day long, so that people take on the Old Navy persona or the Gap persona or the Ann Taylor persona. Households become Whole Foods households and Nintendo families. Even many school cafeterias now offer children not the plate lunch line vs. the ala carte line, but the Taco Bell line vs. the Pizza Hut line.

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***... corporations are probably the most pervasively influential organizations in our lives as citizens and consumers***

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We wear corporations and eat corporations and play corporations and drive corporations. What happens in such a culture is that we come to view ourselves in a way that is promoted by *corporate* culture. And the greater hold corporate America can get on a person, the stronger becomes the materialistic orientation. In direct contrast to “future orientation,” which urges us to save and invest and plan ahead, materialism leads us to view ourselves as spenders and, therefore, take a more favorable view of borrowing than those who are less materialistic. All the education in the world can fail to make a difference to a dedicated “consumerist” until he/she understands the roots of the materialism, why it contributes nothing to real well-being, and how it can be transformed.

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***... media literacy education is a natural companion for financial education if the goal is actually to empower consumers to change financial behaviors***

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Some financial educators try to explain consumers' poor purchasing decisions by citing their lack of knowledge or self control. Those behaviors, though, are rooted in social, cultural, and economic dynamics that go beyond mere cognitions—what we think and believe.

Corporations, for instance, shape many of the messages we receive, and the media (corporately owned) broadcast those messages, so that we receive them with both our minds and our emotions.

Still, we are not mere victims being bombarded by media messages, as many like to claim. We are, according to economist Martha Starr, active creators of meaning. We sort through cultural circuits and use such messages to make sense of our lives and our surroundings. According to Starr, the things we buy and use constitute the language through which we craft, display, and understand our identities.

And so we have the irrefutable links among corporations, media and consumers, that ultimately influence our understanding of ourselves and the world around us; hence, we make our financial and other decisions.

### ***Media-driven Decisions***

These connections bring us to the fourth and final subgroup pictured in Figure 2.1: Media. Educators in the vanguard of financial education reform are now insisting that

media literacy education is a natural companion for financial competence education if the goal is actually to empower consumers toward behavioral change.

The media provides powerful agents of socialization. It helps to form our financial behavior patterns as well as our resistance to change. Considering that the majority of media outlets are owned by a relatively small number of media conglomerates, it becomes clear that a handful of corporate leaders are influencing the ways we come to view ourselves, including our values and our perceived needs, wants and shoulds. It makes good sense, then, that we should take a careful look at just how the media is shaping our values and the behaviors that those values drive.

Jean Kilbourne says, “We used to be influenced primarily by the stories of our particular tribe or community, not by stories that are mass-produced and market-driven. George Gerbner, one of the world’s most respected researchers on the influence of the media, said, ‘For the first time in human history, most of the stories about people, life, and values are told not by parents, schools, churches, or others in the community who have something to tell, but by a group of distant conglomerates that have something to sell.’ The stories that most influence us these days are the stories told by advertisers.”

Unless we have access to an alternative information source, we unwittingly make choices according to the options the media have shaped for us. As financial educators, you can teach learners how to understand the media’s influence and how to exert some control over it. With this powerful insight, they can begin to see the value-choice frames inherent in the social issues they face in connection with personal finances.

In other words, they can move past the simplistic idea that they just need to do a more responsible job of saving, investing, and spending. They can begin to understand how choices about education, housing, employment and healthcare have been molded for them and presented to them by a cultural subgroup over which they have not, heretofore, exerted any control. *Once they understand the media’s influence on structuring their choices, they can change the way they think about them.*



***... the choices people make cannot be understood without knowing the ways the media pose those choices.***

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Once the power of the media is understood, we can turn to one of its segments—marketing—and gain a great deal of knowledge about ourselves. After all, consumer-targeted media is powerful, because its secret is that marketing professionals have known for decades how people make their buying decisions!

Marketers have studied ways to overcome anyone’s deliberations or objections that might prevent their “close” of the deal. They have spent billions on the social psychology of consumer decision making. Their purposes have been to sell more goods,

retain loyal buyers, develop frequent buyers, up-sell newcomers and, in a variety of ways, encourage bottom line growth through consumption. And they have done it very, very well.

The *LifeValues Model* that will be introduced in *Chapter Four* takes the lessons learned from marketing's success and applies them to financial decision-making. If financial educators learn that model, they can teach it to their students and use all that insight, developed over decades at the cost of billions, to better educate individuals and families.

Before we get to the LifeValues Model, however, we want to consider the process an individual goes through to make a decision. In the next chapter we will learn how cognition (rational, objective, data-driven knowledge) works in concert with emotions to help the decision maker move from

discomfort or dissonance ("Gee, I'd better do something about this") to comfort or consonance ("This will take care of it!"). We will see how the inner decision maker, molded by his or her culture, consults those inner wants, needs, values and shoulds to try to maintain a state of inner equilibrium.

If that sounds awfully theoretical, consider that it happens every time anyone decides even the most mundane things: whether to pack a lunch or plan to eat in a restaurant at four times the cost; whether to buy the budget-busting leather jacket today or wait until it goes on sale; whether to sell the stock or hope it makes a comeback tomorrow. The bottom line is built, moment by moment, on a complex individual decision making process that you are about to discover for yourself.

## Chapter Three

### Decision Dynamics—Helping Learners Recognize Themselves

Edward, a financial educator, reflects on his teaching experiences with some of his students during the past year. Each of the following learners was struggling with an important financial decision. A hands-on educator, Edward formed groups and encouraged participants to relate their most pressing concerns to group members. He hoped that the group could brainstorm each problem and offer prospective solutions. These are a few of the situations that were addressed in Edward's financial seminars. Not all problems were resolved, but some solid inroads were made by those with whom Edward was able to keep in touch:

- Teresa had been paying 14.75 percent interest on a mortgage loan for more than ten years, all during the time when others were paying six, seven and sometimes lower rates of interest for comparable financing. She works two steady jobs, sometimes three, to keep food on the table, her young son in school, and the mortgage paid. It is seldom current, and on occasion she has borrowed from friends who helped snatch the house away from prospective bidders just as it was about to be auctioned on the courthouse steps. Yet until Teresa attended Edward's seminar she had been too terrified to call her lender to arrange for a lower interest rate due to "hardship." Her rate has now been reduced to 8.5 percent.
- Chuck (and his wife Barb) discussed many times making changes to their portfolio, which had been invested mostly in Chuck's company's stock. Angry and resentful over the loss of over half of their money, they blamed one another for their failure to diversify sufficiently. Their relationship itself became severely strained until they were able to share feelings and compare notes. They credited Edward's exercises on values priorities and financial decision-making for the breakthrough in investment management they experienced.
- Doug had been struggling whether to accept an important promotion under a five-year contract that would have offered major lifestyle security. He continued to pour over his lists and charts, still no closer to a firm decision when the offer was abruptly withdrawn due to a downturn in the company's sales projections. Edward does not know whether Doug has gotten better about taking action when important decisions must be made.
- Maria refinanced her house under an interest-only loan so she could make needed home improvements. She thought having as low a payment as



possible was the most important term she could arrange and refused to consider what she would do when the mortgage re-set to a higher rate. When Maria attended Edward's class, she was losing her home because she could no longer make the higher payments. She is also having difficulty renting even a modestly priced apartment due to bad credit. Maria's group suggested she obtain evidence from her files about how diligently she formerly paid all her bills. She also secured two references from former creditors and was able to find an understanding new landlord.

- Jeff was shocked to learn about a large tax liability that followed his "short sale" of a property he had recently sold. His group suggested that Jeff immediately contact the IRS to make arrangements to pay his tax liability over time. Edward has not heard from Jeff but hopes he can work out something before the unpaid tax grows from penalties and interest that will continue to accrue on the unpaid debt over time.

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***... decisions are about everything in our lives, not just the pertinent data that form a neat equation...***

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Edward's seminars and classes were never boring. His reflections reminded him that finances are often less about money than they are about everything else in the world. Decisions that to him were so clear and objective aroused most interesting responses in the participants in his classes

and seminars. Edward cleared his desk and prepared to leave the office for the day. Edward is a black-and-white sort of financial thinker, so he sometimes must remind himself that most people make their financial decisions on the basis of anything but the figures themselves, for decisions are about everything in our lives, not just the pertinent data that form a neat equation. They involve our deepest dreams, our fantasies, ambitions and fears. For that reason, some of Edward's learners are in danger of falling prey to promises too good to be true. They often base their choices on childhood impressions that no longer serve them well.

Decisions—as ineffectively made as they sometimes are—often reflect the real person behind the choice, or who that person *used* to be, or even who that person *would like* to be. To move his learners forward wisely in choices about debt management, saving, spending, and investing, Edward must help them understand how to improve their decision-making skills. This is not an easy task for a financial teacher with an undergraduate degree in business administration who is halfway through an MBA program that does not provide a single course on human psychology!

Like the participants in Edward's seminars, we all make our most satisfying decisions on the basis of what we really value after our basic needs are met. But we often make less appropriate decisions on the basis of our wants and shoulds. The process, which involves both cognition and emotion, is depicted on page 32 in Figure 3.1. Decision Dynamics Model.



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***The more we know about what we really value, the more options we have to live by our ideals.***

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## Values

Values guide people's most satisfying decisions. They are the standards we use for evaluating the actual or potential consequences of our actions. They provide guidelines for forming preferences, discerning priorities, and making tradeoffs. The fundamental nature of values in driving behaviors is increasingly being recognized across disciplines. So, their importance in explaining financial behaviors is emerging.

Values refer to ideals toward which we orient our lives, *if we are mindful of them*. They frame the goals we find personally desirable. When our choices fail to provide what we value, we are often disappointed or feel ashamed. We access our values through our rational thought processes as well as through our emotions. What we are accessing are internal standards of excellence based on everything we know or have experienced.

Values provide a comprehensive and reliable frame of reference for the decision maker when they are considered. As we will learn in the next chapter, we have all developed a set of "LifeValues" to which we refer, often in the blink of an eye, each time we make a decision. But all decisions are not created equal.

Once you, as financial educators, can help your learners understand what is involved in their decision processes, they can begin to make better choices. The more they know

about their real needs, values, wants and shoulds, the more options they have. As a financial educator, you can significantly improve the quality of your learners' financial choices by helping them to understand their cognitive-emotive process. Gradually you might see less of these types of irrational behaviors:

- Buying more life insurance when one is already over-insured;
- Refusing to take advantage of employer sponsored health insurance and so remain exposed to risk;
- Dragging realtors through 50 houses and then deciding to stay put after all;
- Spending \$200 on skin care products at a home based show when one doesn't even have \$200 in the checking account;
- Buying a second home so distant as to make its use almost impossible;
- Making a big financial decision while in the throes of an unrelated upset.

The financial choices your learners wish *they had not made* are likely to have been driven by needs, wants or shoulds. Since *Chapter Four* will examine LifeValues at length, we will limit this discussion to the three other decision drivers: needs, wants and shoulds. Be aware, however, that these drivers are less reliable, easily influenced by the media in general and marketing in particular, and that they cause the behaviors financial educators so often view as irrational or self-defeating.

## Needs, Wants and Shoulds

Our *needs* relate to our biological requirements for food, shelter, clothing, safety and belonging. They are felt urgently

and drive our most basic decisions. Anyone deprived of a basic need will experience anxiety or suffering. While most of your students will not be deprived of having their basic needs fulfilled, serious problems can exist if they are not. Worse, very poor decisions can easily undermine the satisfaction of a person's basic needs, and that person more likely needs crisis help, not financial education.

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### ***Values drive our best decisions***

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*Wants* can be good or bad for us. It is perfectly normal, acceptable, and even desirable to yearn for, or *want*, a particular thing or result. In fact, "good" *wants* are consistent with what we value and result in values-consistent behavior.

But wants are too often related to childhood fantasies and insecurities or stem from unresolved or unfulfilled childhood experiences. Very often a "want preference" involves a must-have object. This can be something tangible, possibly even primal. When thwarted, the want can create a negative emotional response—a tantrum perhaps—rather than true deprivation. Let's consider some real-life examples that bring the theory down to ground level:

- James, an admittedly happy family man, spent inordinate amounts of money on nights out with the guys, and he often bought the drinks all around. When he realized he was trying to relive youthful experiences that no longer apply to his life, he was able to enjoy an occasional night out with his friends while enjoying an improved home life and

less stress on an already tight family budget.

- Sharon committed to urban housing, perhaps a condo or townhouse, to end her workday commute and put services at her fingertips. Still, after viewing 15 good urban options, she suggested looking at an old farmhouse on the edge of town. Only when she realized that the farmhouse recalls bucolic summers on her grandparents' farm is she able to let go of her counter-productive (and too-expensive) desire to live in the country.
- Maria and Consuela knew they spent money on unneeded shoes, but they bought them anyway. One day, as they admired each other's latest shoe purchases, their brother reminded them about growing up with ill-fitted, second hand shoes. The sisters considered the reasons they might be buying so many shoes and decided to stop their compulsive purchases because there clearly is no unmet need for new shoes any longer.

The more one's *wants* take over, the greater the danger that a person will ignore acting in accord with their values-focused decisions. When clarified, values prevail more often than not. James now values his time at home with family, unencumbered by youthful wants. Sharon's emotional attachment to an old dream was easily traded off for an appropriately located home; she is very relieved. Maria and Consuela greatly value their new ability to save the money they formerly wasted on buying so many shoes. Each of these examples illustrates a behavioral change that was made—more or less easily—after arriving at a better



understanding of what was driving their irrational *want* in the first place. When helped to discover the source of an irrational behavior (and evaluate its current importance), one can often put an old *need* or *want* to rest and begin to make more satisfying, values-based decisions.

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***...the more the wants take over, the greater the danger that a person will ignore true needs and values***

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The *shoulds* in our *adult lives* are inauthentic values. Leftover from childhood, they are felt as obligations and are imposed by someone else's standards: our parents' or caregivers' or teachers', or other authority figures such as a member of the clergy or the police.

As children, of course, rules and acceptable behaviors are necessarily instilled in us through a tactic we know as "the *shoulds*." (We *should* not cross a street without looking; touch a hot stove; throw a tantrum when we don't get what we want; fight with a playmate; steal, lie, or cheat.) As we grow up, we pick and choose among the most significant *shoulds* of childhood and process them into what we grow to value as adults: safety, patience, cooperation, and honesty.

Unwittingly, however, we can and sometimes do, internalize some leftover childhood *shoulds*, still believing they are our own values. *The clue is in the guilt we feel when we don't live up to another's expectation of what we believe they want us to be doing.*

When we fail to live up to another's *shoulds*, we feel guilt. When we do not live up to our

own values—the standards we set for ourselves—we feel shame. When regretful emotion follows a serious behavioral breach, we usually suffer the consequences by feeling both guilt and shame. Such is the power of leftover guilt that doesn't always go away.

Psychoanalyst Karen Horney coined the phrase "tyranny of the *shoulds*" to describe a condition suffered by persons who are trying in a neurotic way to live up to someone else's *standards*. According to Horney, the hallmark of this person is the creation of an "ideal self" with which the real is always compared, and alas, always found lacking.

The *shoulds* are the mandates of the ideal self, which of course are impossible for the "real self" to live up to. And there is a very good chance that some learners still struggle with this unhappy tension. Consider the case of Juanita:

- Juanita and her husband help to cover the nursing home expenses of Juanita's mom who has Alzheimer's. Her mother also owes credit card debts and a mortgage for which they feel responsible, although they've been advised they have no obligation to pay these debts. The mortgage debt exceeds the value of the vacant house and there is little chance that this will change since it is located in a declining neighborhood. Collectors have reinforced their sense of guilty obligation for the debts by calling frequently to say "you *should* be paying your mother's debts." The family is at serious personal risk, since their children have no health insurance nor do they have savings for emergencies or retirement. There

is no place for guilt in healthy decision-making. That's where you, as financial educators, can ask questions and engage learners in exercises and discussions that can help them discover the feelings behind their financial decisions. Moreover, our media-driven society sets us up for the dynamic of the shoulds by projecting ideal images that for many are unattainable.

### ***The Media and our Shoulds***

Some learners, of course, can attain media generated ideals, but their value system—initially at least—reject them. But unless they have a strong alternative reference group supporting that rejection, they might also be thinking: “What’s wrong with me that I would rather practice conservation than drive an SUV? Driving one would be fun. I could take the soccer team to the beach on weekends, explore some of the countryside around our suburban neighborhood, carry more stuff, and probably even save money by foregoing the delivery of big ticket items we buy. I really should buy an SUV, right?”

Such feelings can lead to unpredictable and inconsistent financial behaviors, not to mention feelings of regret, failure, and shame. So *shoulds* can be positive or negative from a financial educator’s point of view. “I *should* have X amount of money in my retirement fund”; “I *should* have a mink coat”; “I *should* pay for my parents’ living expenses”; “I *should* work two jobs and scrimp and save” are all examples of *shoulds* through which teachers can explore the motivations of an individual’s financial behaviors.

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***The shoulds in our lives are inauthentic values. They are felt as obligations . . . imposed by someone else’s standards. . .***

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- Some *shoulds* are minor, even laughable. There is a story of the sisters from a big family who took turns hosting a holiday dinner at which the traditional meal was ham. Each year the host sister cut off the end of the ham and threw it away. One year the youngest sister, Gail, about to make the cut, asked her sisters why that part of the ham was no good. Nobody knew. They consulted their mother, who explained simply, “I had a big family and a small roasting pan. The ham was always too big for the pan. I cut it off and made pea soup out of it.” And all those years the girls had thought they *should* cut off the end of a perfectly good ham! Not much was lost on that decision.
- Pyong Wu’s situation is more serious. He met with several reputable financial advisors, all of whom gave him fairly consistent advice about protecting and growing the nest egg he has carefully saved. After months of conversation and hours of considering his investment options from every angle, he was not able to commit to the advice anyone provided. Then a course in investment education helped him recall the harangues his father used to make against anyone who “thinks he can tell you what to do with your

money.” Now Pyong Wu is able to access his own values of trust and shared responsibility, because he realizes he has simply internalized a standard his suspicious father imposed on him long ago.

In a consumption-based society such as ours, there is natural tension between *wants* and *shoulds*, even when they are healthy. Value-based or need-based *wants* are authentic rather than pathological desires, as the very essence of consumption is insatiability, or “wanting to want.” *Shoulds* that are based on ideals and values can actually drive better decisions than those which are based merely on obligation or knowledge. Such “higher level” education can often successfully withstand the want-self and its socio-cultural tour de force. Helping learners to understand why they think they should act in a certain way often uncovers an alternative LifeValue.

Any financial decision that is drawing learners in a direction that surprises them might reveal an as-yet hidden dissatisfaction. They might be unaware of it, or maybe they’ve just refused to address it. Sometimes a gentle prompt such as, “Why do you suppose you suddenly came up with that idea?” can help them evaluate the basis of the decision.

We occasionally find ourselves overwhelmingly attracted to a financial move we have never considered before—“Let’s buy a small yacht with the inheritance.” Or “How about we cash in that policy and use the money to build a Florida room?” Such choices should be examined not only for the consequences to the decision maker but for the consequences to others.

In the struggle to make a tough financial decision, the *wants* and *shoulds* usually rise to the surface and make themselves known. The *needs* and *values* often take a backseat. Acknowledging what we want or think we should have (or do) can be a barometer of our progress in life: Am I getting what I want now? Am I guilt-free at last?

But *wants* and *shoulds* can also subvert our best intentions. How can you help a learner evaluate a cognitive decision on the basis of the *emotions* experienced? It can be as simple as facilitating this sort of discussion:

- Do you feel angry or frustrated about not having something you want? You might want it, but chances are good you don’t need it at all.
- Do you feel guilty about a spending or other financial decision? Very likely you don’t need or value the outcome, but someone else (or an old tape playing in your head) is influencing you about the decision.
- Do you feel great anxiety or deprived? If so, it probably is a true need issue, whether a basic physical or psychological need. We recommend you try to decipher these feelings with someone you can turn to in trust.
- Do you feel disappointed or ashamed of yourself for having made a “wrong” decision or choice? You’ve probably neglected your values in making that decision. Next time, try harder to listen to your own inner guidance.

### ***The Dynamics Beneath the Surface***

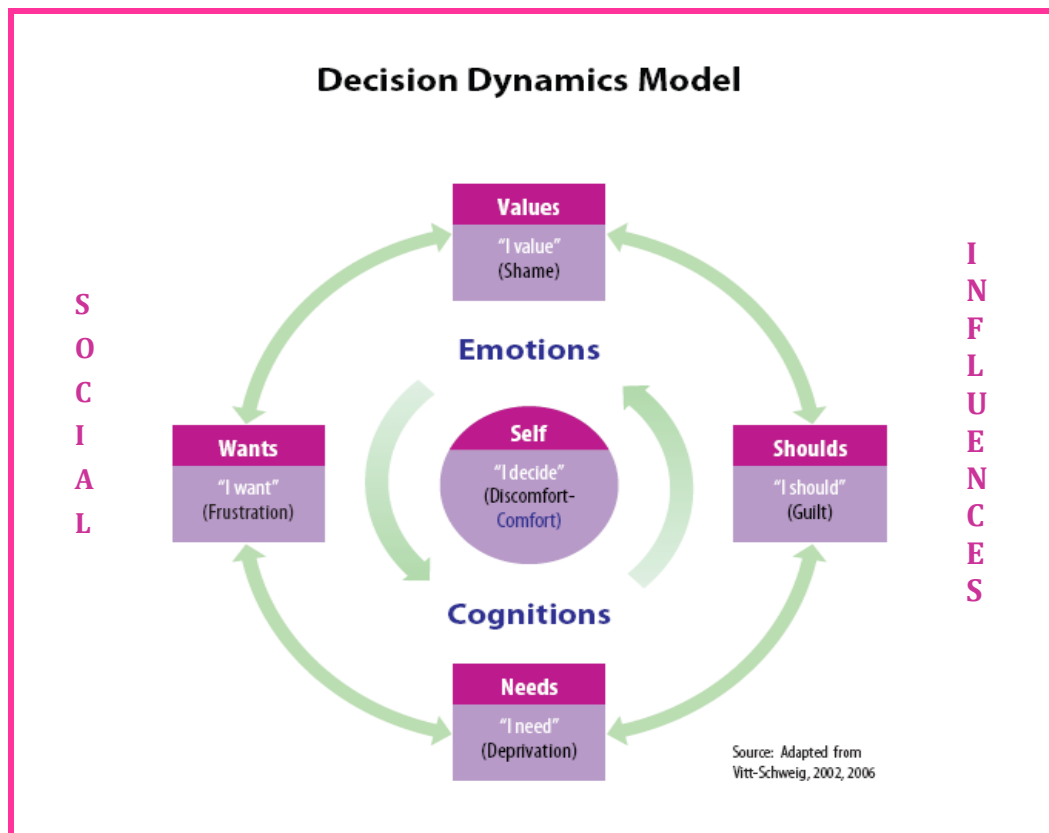
Although you might believe that the process of financial decision making is straightforward, for most of us, it is not straightforward at all. That’s because

feelings and thinking, reasoning and waffling are usually at work in the deciding process. Simply put, the decision maker might be juggling *wants, needs, shoulds* and values that are contributing to feelings of psychological (and visceral) discomfort.

Objective data notwithstanding, when faced with a decision problem, he or she may also

be experiencing a clash of values that exists until the decision is made and the problem is solved, as discussed in more detail the following chapter. For now, study the following Decision Dynamics Model (Figure 3.1) and think of effective ways you can discuss the processes depicted there with members of your seminar or class.

Figure 3.1



The idea is to teach students to think about their own decision dynamics, so they can listen to their real needs and values talking, quiet the demands of their wants and the exhortations of their shoulds.

For that reason, we will devote the next chapter to a more thorough explanation of

(Figure 4.1) The LifeValues Decision Model. The more successfully you can teach learners to clarify and consult their own LifeValue system, the more effective your financial instruction and their financial decision making will become.

## Chapter Four The LifeValues That Drive Satisfying Decisions

Market researchers and advertising firms understand how we make decisions. They know that our *most satisfying* purchases and other financial choices are connected emotionally and intellectually to our deeper values. They also know we can be cajoled or seduced through clever marketing techniques into believing we “need” something that is not a values-based choice.

Consider the marketing technique whereby the soothing light of a glass atrium or the image of a pretty girl lures a teenager into buying a pair of expensive designer jeans. Architectural critic Margaret Crawford writes “malls use adjacent attraction to conflate the material and symbolic aspects of ‘needing’ where deeper values of beauty, love, and belongingness are equated with purchasing clothing.”<sup>3</sup>

Having our deeper values in mind can make an enormous difference when we grapple with housing, investment, education, or career decisions. But even smaller decisions are more satisfying when they are values based. The successful marketing of designer jeans to a vulnerable teenager might temporarily bestow beauty as recounted in our example from *Branded*. Love and belongingness, however, will never be satisfied by material goods masquerading as “needs” by marketers. Yet, the mere promise of being more lovable results in big numbers at the checkout counter.

Discovering what our values are and living up to them can be personally nourishing. Knowing our values and being able to communicate them without rancor can be especially important in close relationships. Values differ from person to person, between spouses, and among family members and co-workers.



Awareness of these differences can help to mitigate—if not entirely avoid—the painful conflicts over having to be “right.” Crossed signals between couples, parents and children, and among members of social groups are often clashes of deeply held values.

Knowing this can minimize conflict that we often misunderstand and sometimes live to regret. Consider how many close relationships have ended because one partner (or other family member) insists on proving that what he or she values is right. This is evidence of values gone awry. The key to understanding lies in knowing with certainty that values are *deeply personal*. In other words, both parties are “right,” and good relationships are those that grow to

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<sup>3</sup> As quoted in Alissa Quart’s fascinating book *Branded: the Buying and Selling of Teenagers*.



find ways to accommodate and respect one another's differences.

In this chapter, we help you discover, for yourself how we use values in making our best decisions. This is the same knowledge that marketers and advertisers have mastered in order to part us so effectively from our money.

### ***LifeValues are Based on Everything in Our Lives***

You will recall from the previous chapter that decision dynamics are all about moving through wants, needs, and shoulds in order to be able to recognize and tap into what it is we really value. The process involves both our cognitions—thinking, deliberating, reasoning—and our emotions.

Some decisions, like Pyong Wu's dilemma to choose a financial advisor and move forward in securing his nest egg, can take hours, days or even weeks. Other financial decisions, like those made in shopping malls, supermarkets and coffee shops, might be made in mere seconds. When the decision maker is able to quickly "check in" with his or her deeper values, rather than giving in to the lure of unreasonable "wants," contrived "needs" or the demands of "shoulds", the decision will be based on values.

Since our most satisfying decisions are values-centered, we have followed the social scientific method of collecting and depicting human values within four categories (or domains) corresponding to people's concerns in life: (1) inner values, (2) social values, (3) physical values and (4) financial values. For all of us, our most fundamental values, developed throughout our lifetimes, fall into these four domains:

- **Inner Values** (psychological and spiritual)
- **Physical Values** (health and environment)
- **Social Values** (family, friends and communities of interest)
- **Financial Values** (sufficiency, sustainability, appropriateness)

We will take some time now to further explain each of these LifeValues categories, but *it is important to remember that they vary with each individual and with our particular stage of life.* They also overlap a lot: responsibility, for example, is an inner value, but it can also be a social value, a physical value and a financial value as we will soon see.

**Inner LifeValues** are personal. They include our identity and 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 constitute our desire for freedom and independence, and for control over our life, our goals and our priorities. Strong feelings of autonomy and security, for instance, help us feel in charge of our life. From a financial perspective, inner values frame the behaviors that lead to financial security and the resourcefulness that can help us to survive a sudden money crunch that blind-sides us.

Inner values also shape our sense of purpose and meaning in life and the principles by which we live. We vary from person to person in our need for personal space, our desire for autonomy at work, the need to achieve or to feel accomplished. We all have such values, and they are rooted in how we see ourselves and how we believe others see us.

**Physical LifeValues** are about the tangible aspects of life, the external world as well as the state of our physical health and well-being. Such values relate to the amount of space we need to feel comfortable and the degree to which we are satisfied and fulfilled by aesthetic stimulation and material possessions. Physical values involve the actual health of our bodies and the measures we are willing to take to secure that health, but they are also about our desire for beauty and comfort.

These values can be seen in our pursuit of art and artifacts, clothing styles, vehicles, and architectural preferences in the home we select to buy or rent. Physical values are about feeling physically satisfied and comfortable in our home and our environment. Like all other LifeValues, they are a product of all our life experiences.

**Social LifeValues** are about “belonging” and relatedness. They concern our parents, spouse, partner, children, other family members, neighbors, friends and community at large. Our desire to be with others or to be a loner affects our living and working habits. Providing for others, budgeting jointly and sharing expenses are part of this domain. How we handle money is in part tied up in our unique family history. Habits and cultural preferences are rooted in family and other social relationships.

Social LifeValues also resonate on a macro level with our communities of interest: peer groups, organizational groups with which we identify and/or interact, our relatedness to political parties and representatives, and even whole nations.

**Financial LifeValues** are the *subjective* values about finances, *unrelated to how much money we actually have*. These values reflect what we *think or believe* about our

money and financial affairs. They reflect how we value money and what it can buy or how it can grow as an investment.

Financial LifeValues may or may not be related to what we actually know about money and finance. As with any deeply held value, we might *intend* action to increase savings or decrease debt, but choose instead to reinforce our self-esteem on “needs” manufactured in the marketplace.

Nearly everyone, regardless of educational level or affluence, is concerned with:

- The sufficiency of their money (“*Do I have enough?*”),
- The sustainability of their resources (“*How long will my money last?*”) and
- The appropriateness of their financial decisions (“*Is this the right choice for me?*”)

The answers to those questions have different meanings for different individuals based on their financial values. Individuals less concerned about appropriateness of purchases are less likely to be prepared for financial emergencies. Those who think more about the sustainability of their money generally have a healthier bank balance. And what is “enough” to one person can differ greatly from the “enough” of the person standing next to him or her.

Financial LifeValues work together with our Inner, Physical and Social LifeValues as we set priorities and goals and make our financial decisions.

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***If you can help your students get a handle on what they really value, they can much more easily re-channel their impulses into satisfying financial choices.***

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### ***The LifeValues Consumer Decision Model***

A good symbol can focus attention or express a value in concentrated form. A smiley face, as we all know, symbolizes happiness or a happy greeting. Similarly, a model can depict multiple categories of values and communicate their meaning quickly.

The concept of human values is not very difficult. We usually know what we value: love, courage, freedom, honesty, family, beauty, and security are examples. But the process of decision making is much more complex.

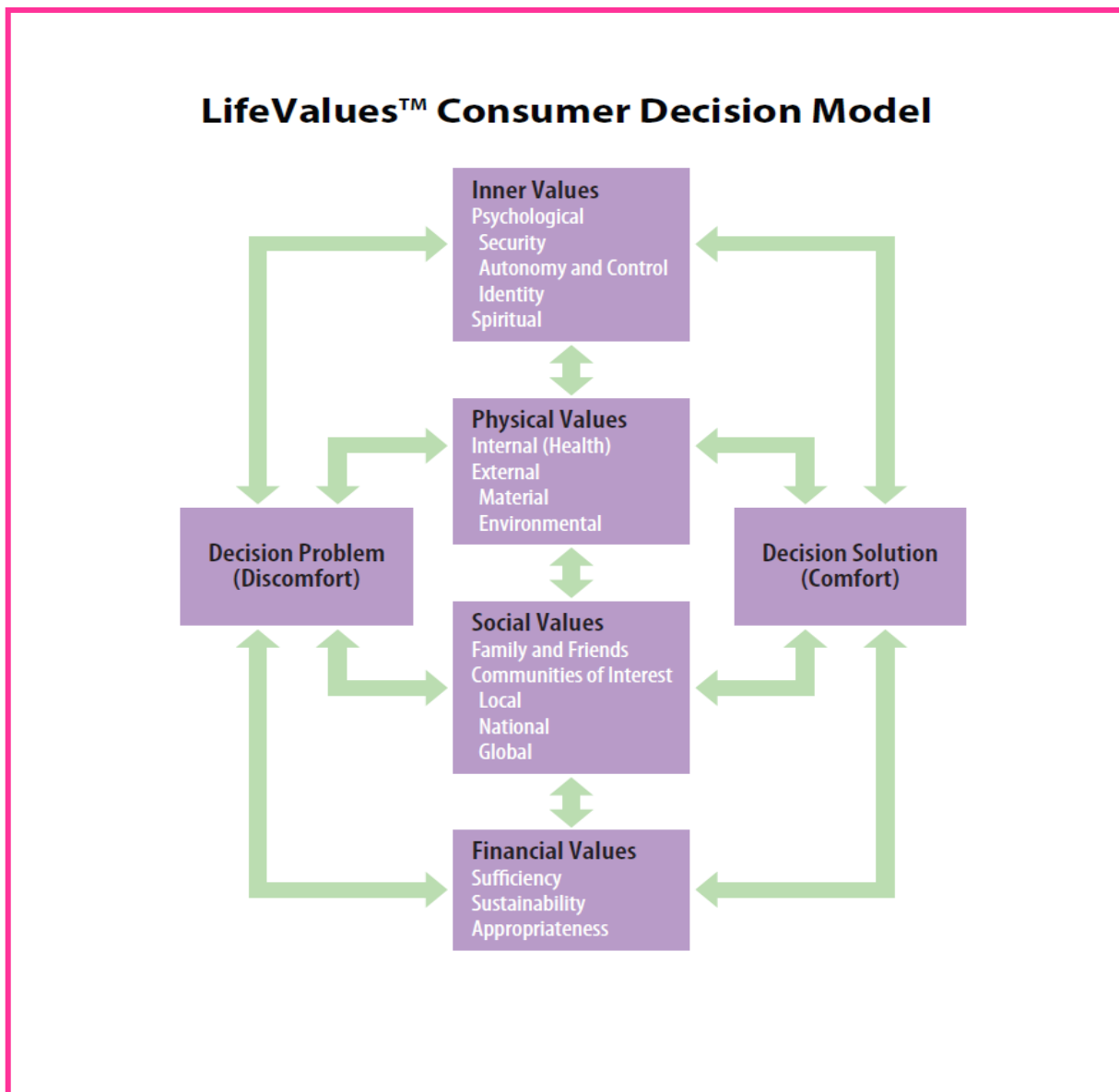
We further define these value categories in the next few pages. For now, however, take a look at Figure 4.1 LifeValues Consumer

Decision Model on the next page, to show you how to use what it is you value to make your best decisions.

The model relies on cognitive dissonance theory as a way of explaining the following factors:

- Any unresolved decision problem causes discomfort as shown in the left box in the model. The discomfort can be mild or intense, depending upon the importance of the decision.
- As we try to resolve the problem, or make a decision, we rapidly (consciously or unconsciously) consult our LifeValue system as shown in the four value domain categories until;
- We are satisfied that our decision is in line with our values in every category; and we are comfortable with the solution as shown in the right box in the model.

Figure 4.1



Notice that the arrows go back and forth among all of the boxes. That's because the decision process is a dynamic one, it is not static. We weigh our decisions, ponder them more or less, change our minds, and sometimes choose to make no decision at all.

then learning how values motivate the decisions we make in the present time. Feelings of indecision are not very comfortable, and the discomfort motivates us to try to decide what to do.

How we respond to discomfort and attempt to achieve comfort show up not just in our character, but in how we handle our job or career, enjoy our social and intimate relationships, enjoy our lifestyle, and feel secure about what's in our wallet.

Research shows that all of your learners' values, what we are calling LifeValues, fall into four categories as shown in Figure 4.1, The LifeValues Decision Model. When we are facing a financial decision problem, either consciously or unconsciously, we consider the consequences of our various choices by "feeling" our way, more or less randomly, through each of the four life domains. We seek a feeling of comfort. When we do feel comfortable on all four dimensions, we are ready to decide.

### ***LifeValues and Financial Well-being***

All four of these LifeValues categories, not just Financial Values, guide our financial interactions and management style. That is the key piece of information for a financial teacher to understand in order to better help others improve their financial fitness. Sometimes their inner signals are contradictory. They might be influenced by what other people say or do, by circumstances they can't control, or by unanticipated events. A financial transaction that requires cool and collected thinking can trigger, instead, anxious, conflicted or over-confident reasoning. Foggy thinking and poor decision-making are products of missing or misunderstanding one's inner motives, and they can be costly.

If you can help your learners get a handle on what they really value, they can much more easily re-channel their impulses, emotions and choices. You can help them see new ways to handle their finances. You can help them clarify their thinking, make smarter

decisions, improve their personal relationships, and get much better at making, keeping, and growing their money.

Soon they may be able to say "goodbye" forever to guilt and anxiety and identify instead what real security is all about. Some people prefer not to know how they decide what and when to buy or whether and how to invest. Rest assured that you do not have to evaluate whether your learners are deciding the "right way" or the "wrong way."

How they make their financial decisions is simply that – it's their method, and it is what it is. We are not asking you to judge them or *change* their values. If you can simply help them understand what motivates them to buy and save and give and invest the way they do, you can start them on the road to full financial competence.

Remember that marketing professionals track our spending habits right down to the titles of all the books we have purchased and the brand of tools we buy. They have our demographic information, but they know so much more about us than age, race and gender.

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### ***Some people prefer not to know how they decide what and when to buy or whether and how to invest***

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They can predict our next spending moves, and they even know *why* we will make those decisions. Sales and advertising people realize that our financial decisions are really not only about money. They are about our values and needs. Now you, the financial educator, can help your learners understand how they make decisions—about changing jobs, participating in a health insurance plan,

or buying a different vehicle. Just like the marketing professional, you know financial choices are made not only on the basis of bottom line impact, but also on the basis of social, psychological and lifestyle implications.

In their efforts to feel comfortable and balanced in their lives, learners do a quick and unconscious check of four life domains, perhaps something like this: "Will it make me feel safe and secure? Will it give me pleasure? Will it connect me with others? Will it be appropriate, given my resources?" Even that final question is more about financial values and beliefs than it is about the bottom line.

As they do that quick check of their values, they are trying to keep everything in balance, to experience a sense of equilibrium so they can sleep comfortably at night after they swipe their credit card.

We all juggle these four realities, but we each juggle in a slightly different way. While physical safety might be of greater concern to an individual living in a high-crime neighborhood, style and presentation might be more important to a successful executive with a lovely home and yacht and no mortgage. Those are extreme examples, of course, but these are the three points to keep in mind:

- Each learner has perfectly legitimate but unique values;

- Expect their values to shift and reconfigure over their lifetime;
- The core values that dictate their priorities and preferences are rather stable, and they are central to shaping their identity.

In the next chapter you will have an opportunity to work with exercises to practice some self-discovery before you attempt to guide your students through the process. You will re-discover *your own* history and LifeValues Profile and learn how *you* might be moving from discomfort to comfort in your decision making process.

Based on that experience, you can be prepared to use the same tools, provided as an attachment for easy reprinting, to help your students reflect on the cultural and social environments in which they grew up. With a little practice, you can help them see what they value most and how their personal LifeValues impact the decisions they make today.

### ***The Takeaway for Your Learners***

No matter what LifeValue takes priority for your learners, it is necessary for them to become competent in how they manage their earning, spending, saving and investing. *It is only by learning and practicing the wise use of their finances that they can bring about the most satisfactory results with (and for) the people and situations that they value most.*

## Chapter Five

### The LifeValues Profile

#### Exercises and Implications

Before giving your students the LifeValues Profile Exercises, we strongly suggest that you take them yourself, score the quiz, and spend some time reflecting on your own life history and decision-making style. Try asking a partner, spouse or friend to take these exercises also and then compare your results. Have a talk about where and how your values differ and where they are compatible.

This comparison and discussion is valuable, as you set the stage to more comfortably consider with learners their own life histories and values. Suggest to participants that they share results in small groups or with another person, and then with everyone in the larger group.

The objective is for you to help learners begin to understand how their history and LifeValues affect their behaviors and decisions today. Suggest they too compare them with a spouse or partner, even children—who all have histories and values of their own. To help you get started, follow the story below of someone who used this tool to understand and direct a crucial financial life decision.

Joan, a successful graphic artist, experienced—at age 58—an overwhelming desire to reconfigure her life. After many years of an unhappy marriage, she realized that her life lacked many of the key ingredients she valued and desired, and her locale was neither nurturing professionally nor spiritually.

Following months of coaching sessions and anguish, Joan took the first real risk of her life: she packed up and moved to an area more suited to her temperament and preferences. She left husband and home behind to strike out on her own. She had no visible means of support established in her new area, nor did she have a network of friends, a banker, a hairdresser or a physician.

As risky as the decision was, Joan knew she was doing what was right for her. She set aside the needs, wants and shoulds that had ruled her life and resolved to live up to her own values.

Joan had become aware of her decision-making style by studying the results of her profile. During her childhood, conversations about money were always negative and anxious since there never was enough money. It seemed natural for Joan to have chosen a partner who controlled the family finances—and almost everything else in her life. It had been comfortable enough until Joan realized that she had lost her identity and autonomy and was in the dark about how financially dependent she had become upon this arrangement.

More importantly, she saw that she had ignored most of her own values throughout her life. Now her needs for space, autonomy and self-direction surfaced with a vengeance. She began to make decisions that would move her from passive discomfort to action and inner comfort. When Joan finally had the courage to share these exercises with her spouse, to her surprise, she learned that her

husband's values—kept inside for many years, like Joan's—were also better served by the separation. They remain close friends today, but true to their own values, lead very different separate lives.

Very few of your students will alter their life as completely as Joan did, but many can find the exercises useful in understanding their own financial behaviors and conflicts. Upon reflection and discussions with intimate partners, they can even sort out (and learn to avoid) incompatible approaches to financial management that might be presenting problems at home. At the very least, they can discover how their personal history and four LifeValues categories influence their personal decision-making process today.

As a financial educator, your own ability to more comfortably address personal issues in courses and seminars will be enhanced. As sociologist Viviana Zelizer has indicated, there are no stark dualisms when it comes to money. Caring, friendship, marriage, parent-child and working relationships all merge incontrovertibly with the financial management issues everyone encounters in daily life.

### ***How Childhood Dreams Become Adult Habits***

As with the learners in your classrooms, your own family history influences your decisions today. Dreams and fantasies about wanting toys, clothes, and other possessions (material and intrinsic) begin in childhood and stay with us more or less over the years. The dream of getting the “treasures” we want is both symbolic and literal for children, and the dream endures for many of us throughout adulthood. When you examine more closely your unique money history, including your dreams and

fantasies about the way your parents taught you to value money and the things money could buy, you will better understand the patterns of learners and help them to make more meaningful financial decisions today.

Whether spending money, managing money, or making other financial decisions, you can unwittingly reenact your original family culture without being aware of why you are doing it. In fact, you may be imitating a parent's behaviors *even when you do not like those behaviors*.

When you establish a relationship with anyone involving joint finances, you are dealing with the family patterns and cultures from *two* distinct pasts. Identifying your childhood relationships to money will help give you insight into what you value (or dislike) about your financial life today and will allow you to shed the behaviors you know you have outgrown. The goal is establishing a financial management system that fully reflects your adult values rather than the needs, wants or shoulds still mired in your childhood.

### ***Your Unique Money History***

With only a few minutes of serious reflection, you can record vital 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 and siblings when it came to your allowance, discussions (or fights) about money, silences when you asked questions, the purchases you made, the “things” that you wanted, how and whether you got them, and the purchases and decisions about money that were made for you. Write a few summery points that you recall being particularly significant.

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

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

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**Step Four:** Now, compare your childhood experiences with your positive and negative financial habits as an adult. Do you recognize any childhood patterns or preferences brought into adulthood? If so, are they compatible with your adult values and lifestyle, or do they cause disharmony? It is time to claim your own values without ever again having to look back in time.

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### ***The Payoffs of Becoming Financially Competent***

The payoffs of learning about these influences and about your money motives and behaviors can be huge. Ask your partner to complete these exercises too, because the issues you will uncover can help smooth the way for improved communication and mutual understanding. In fact, the relationship benefits that will emerge are immediately transferable to the other personal and professional choices you will make in life.

To begin to use your money history to gain insight into your current behaviors, here are three crucial questions to ask yourself before you approach the checkout counter on your next shopping trip:

1. Why do I want to buy this/these items?
2. How do I make spending decisions?  
Am I actively engaged or passive and reactive?

3. Does my decision-making approach help me or hurt me?

As you become better acquainted with your own inner motivations, the answers to these three questions will sharpen. Focusing on these three questions will help you to further hone your understanding of your spending patterns. You will discover which purchases are habit-driven or based on satisfying childhood desires, and which ones are truly value-driven, and you can use this insight to purposefully navigate your way through the financial decisions you face everyday.

***Now Try the Quiz for Yourself***

The LifeValues Profile Quiz will show you how your four LifeValues categories influence your personal decision making process. The results can help you start a conversation with loved ones, advisers, and

even those who depend on you. Encourage the key individuals who participate in or influence your decision making to take the quiz also. Then you can learn how to work together, maintaining your own identity as you make wise choices.

Expect your categories (inner, physical, social and financial) to overlap. *Bear in mind that there is no "wrong" answer.* You are simply identifying your preferences. Remember that your answers are intensely personal—resist the urge to choose an answer someone else might believe is right for you. Quickly choose only one answer per statement, the one that feels most like who you really are. Record your answers in the space provided. Then, use the instructions that follow to interpret your score. You will learn how your values are impacting your financial and other decisions.

## The Quiz

1. My decision about which vehicle to drive comes down to this main issue:
  - a) My family members are on board with my decision, and the vehicle will serve all our needs as a family.
  - b) I want a vehicle that is dependable and gets me where I'm going with the least amount of trouble.
  - c) I'll weigh the costs and benefits of each vehicle and choose the one that meets my budget.
  - d) I make enough to be able to afford the vehicle I love to drive even if the gas mileage is not that great.
2. One important priority I have in looking for my next home includes finding
  - a) A place where I can make new friends (and/or my children can find friends and playmates).
  - b) A home in a location where I can have more quiet and privacy.
  - c) A home in a nice neighborhood that will appreciate in value.
  - d) A home that has more space, more interesting amenities, or more modern features than my present home.
3. If I were to be late with a payment that would have serious credit consequences, I would worry most about
  - a) My reputation and credit score
  - b) How this mistake could possibly have occurred and what I need to do so it cannot happen again.
  - c) Where I could obtain the money to make the payment.
  - d) The impact this might have on my partner or family.
4. The fundamental reason for health insurance is, in my opinion
  - a) To prevent bankruptcy or severe financial strain possibly due to medical bills.
  - b) To be insured against loss of home, material things or lifestyle.
  - c) To protect the wellbeing of family or loved ones.
  - d) To allow life's adventures to continue.
5. When I think about changing jobs, my main concern is
  - a) Whether the new job would pay enough so I can cover the costs of my lifestyle
  - b) Finding work that allows me to help others and enjoy my colleagues
  - c) The total financial package: pay, health care and retirement
  - d) Having opportunities for personal fulfillment and challenge in my work.
6. I tend to deal with my housing priorities
  - a) In terms of lifestyle, reworking my ideas to learn what I really want for myself.
  - b) On a bottom-line basis: Do I have enough to make a comfortable down payment? Can I handle the monthly payments without too much worry?
  - c) In terms of physical space: Will it have enough amenities? Extra guest rooms? Closets?
  - d) By regarding home as the center of my family and social life where I can entertain and my children can have their friends over.
7. In deciding what to do with a sudden cash windfall, I would
  - a) Consider taking a trip around the world and enjoy myself thoroughly
  - b) Investigate a variety of investment possibilities and the long-term return of each.
  - c) Use it to fund a need, wish or desire of a family member.
  - d) Buy a new house with all the amenities and comforts I've always wanted.

8. In case of serious accident or illness, my support network would likely be
  - a) Well-established and responsive.
  - b) Something I haven't really thought about.
  - c) Triggered by my health plan.
  - d) In place but loosely organized.
  
9. Any decisions I would make (or have already made) about planning for retirement are based on
  - a) The future needs of my partner and adult children and grandchildren.
  - b) The retirement calculations that I have made, which have given me a benchmark number toward which to target my savings for later life.
  - c) My desire to live an intellectually and physically fulfilled life as an older adult.
  - d) My ambition to maintain a comfortable lifestyle in a beautiful place and pleasant community during retirement.
  
10. To feel totally satisfied with my housing, I would need
  - a) A place where I can live as I please and that reflects the "real me" to the outer world.
  - b) To know my family was 100 percent satisfied and comfortable in the home in which we live.
  - c) To know that my home represents a good investment as well as a comfortable place to live.
  - d) A different location or more physical space to expand into than I have in my present home.
  
11. When it comes to "impulse purchases" of items not previously intended
  - a) I reflect on whether I've treated myself lately and then make my decision.
  - b) I recall the commitments I have made to others and consider whether I should buy the item.
  - c) I tend to buy only what is on my list unless the item offers serious savings on something I know will be needed in the future.
  - d) I think about how well it will fit in with what I already own and enjoy.
  
12. The definition of "wealth" most appropriate for me would be
  - a) The ability to earn a living and maintain my lifestyle.
  - b) Freedom to share the company and affection of others.
  - c) The foundation of financial security and wealth accrual.
  - d) Freedom to pursue my dreams and goals.
  
13. In making vacation plans, I weigh the value and cost mostly in light of
  - a) The opportunity to share the trip with people (or someone) I care about and enjoy being with.
  - b) The chance to see new places, architecture, cuisine, and lifestyles.
  - c) Fulfilling my desires of being able to do whatever I please during my vacation.
  - d) The likelihood that the enjoyment will be well worth my investment.
  
14. If I "fell in love with" and wanted to buy a really big-ticket item (boat, motorcycle, furniture suite) that was not within my budget
  - a) I would figure out how to adjust my budget in order to be able to afford it if it were, in all ways, attractive to me.
  - b) I would figure out a way to be able to afford something just like it at some future point.
  - c) I might buy it on impulse and experience serious "buyer's remorse" later.
  - d) If I thought it would enhance my family life or give me greater access to friends, I would sacrifice to buy it—maybe even work extra—to be sure I could make all the payments.

15. When people visit my home and see my lifestyle
- They know that my family and community take priority in my life.
  - They can learn a lot about who I am and what I care about.
  - They cannot tell whether or not I am financially successful.
  - They know I take great pride in the comfort and beauty of my home and its surroundings.
16. In general, I make life's serious, non-financial decisions
- Rationally and unemotionally, mostly as business decisions.
  - Mostly on the basis of how they support my quality of life.
  - After discussing them with friends or family I trust.
  - Independently and privately, unlikely to discuss them with others.
17. When I hear the word "security," I automatically think of
- A lifestyle in which I have what I need to be comfortable over the long term.
  - A diversified and sound investment portfolio, and a home that is not mortgaged to the hilt.
  - Family and friendships and a sense of community that will last for a lifetime, no matter what happens.
  - Having achieved a sense of accomplishment and the freedom to be who I really am.
18. If a home gives me the "freedom" I need, that means I can
- Be independent, coming and going as I please and living my life as I see fit.
  - Share many common interests with friends and family who live close by.
  - Pay off my mortgage quickly because I would like to own it free and clear as soon as possible.
  - Make any changes I would like to expand, remodel, improve or redecorate.
19. In my ideal financial position, I would have the freedom to
- Live my life independently without worry.
  - Share in the activities my friends and family enjoy without stressing my budget.
  - Keep my expenses as low as possible while building financial security for the future.
  - Buy the things I like most and enjoy a comfortable lifestyle.
20. Given a choice of health care plans, a major criterion for me would be
- Having control over which medical providers I can use.
  - A strong referral by a reliable friend or co-worker.
  - Lower deductibles and co-pays for more extensive coverage.
  - A health plan that emphasizes wellness and preventative care.

### ***Scoring Your Profile Results***

Now that you have completed the quiz, here is the key to determining which combination of decision factors tends to drive your financial decisions. Your ultimate goal, of course, is to help your students or clients see which decision

factors are driving their financial choices and to help them adjust appropriately. Interpreting your own results first will provide you depth of understanding.

- I stands for inner values
- S stands for social values
- P stands for physical values
- F stands for financial values

Refer to the following list as you score your answers, keeping count of how many Is, Ss, Ps and Fs you have chosen.

1	a. S	b. I	c. F	d. P
2	a. S	b. I	c. F	d. P
3	a. I	b. F	c. P	d. S
4	a. F	b. P	c. S	d. I
5	a. P	b. S	c. F	d. I
6	a. I	b. F	c. P	d. S
7	a. I	b. F	c. S	d. P
8	a. S	b. I	c. F	d. P
9	a. S	b. F	c. I	d. P
10	a. I	b. S	c. F	d. P
11	a. I	b. S	c. F	d. P
12	a. P	b. S	c. F	d. I
13	a. S	b. P	c. I	d. F
14	a. P	b. F	c. I	d. S
15	a. S	b. I	c. F	d. P
16	a. F	b. P	c. S	d. I
17	a. P	b. F	c. S	d. I
18	a. I	b. S	c. F	d. P
19	a. I	b. S	c. F	d. P
20	a. I	b. S	c. F	d. P

### Interpreting Your Score

A very high LifeValues score (above 9) and a lower LifeValues score (4 and below) clearly reveal dominant (high scores) and less important (low scores) decision drivers. Scores that are fairly even across all categories suggest that the four domains are balanced in your life. Neither situation is preferable to the other. The point is simply to understand how and why you decide as you do. In general, your scores can be interpreted in this way:

1. *Inner LifeValues (Your "I" Score)*. If you scored very high here, you value identity, autonomy, safety and

security. Taking charge of your finances can give you the peace of mind you require in a dynamic global village and a challenging economy. You prefer to make your own decisions as a means of self-expression. A very low "I" score suggests that you might see your financial decisions through the eyes of someone else, perhaps deferring to someone else's expectations about your earning, spending, saving and investment patterns. Consider whether that type of decision making is actually providing comfort for you.



2. *Social LifeValues (Your "S" Score)*. A high S score usually indicates that your chief concerns involve family needs or preferences of friends. Are you caring for an aging parent, saving for a child's college fund, or trying to keep pace with an active social circle? Individuals with high "S" scores generally live and finance interactive, perhaps supportive, lifestyles. A very low "S" score, on the other hand, might indicate that you live alone, enjoy solitude, and really value financial independence.
3. *Physical LifeValues (Your "P" Score)*. A high "P" score suggests concern with your health and physical surroundings, perhaps your home or the home you dream of owning. Wise financial planning will support your attempts to maintain a comfortable lifestyle, enjoying the tangible benefits you value. A high "P" score also indicates an interest in comfort and beauty beyond mere functionality. A very low "P" score might indicate you are always on the go, more interested in experience than environment, one who tends not to collect "things."
4. *Financial LifeValues (Your "F" Score)*. If you scored high in this category, financial management is probably important to you already, or you are strongly inclined to learn to handle your finances more effectively. Developing your financial skills will honor this value and maximize your knowledge and interest in things financial. If you scored very low in the

"F" category, you probably make your financial decisions impulsively or at least subjectively. You might be using money to satisfy your social or physical preferences, and that's just fine as long as you can afford to do this. Consider as well that you might be neglecting your need to save, invest and spend wisely because these concerns are not of high enough value to you.

### ***Interpreting a Balanced LifeValues Profile***

Scoring fairly evenly across all categories suggests a balance among relationships and independence, community and privacy. It might mean that you value your job for everything it offers: great co-workers, good compensation, and pleasant working conditions. You are probably handling your earning, spending and saving habits well—or at least well enough to provide a sense of comfort. Each category impacts your capacity for decision-making.

### ***Interpreting Higher and Lower Scores***

For scores in particular domains that reach 9 or higher, refer to the following *Table 1. High Scores* to help you understand how that domain helps drive your financial and other decisions. If you scored 4 or below in a particular domain, the following *Table 2. Low Scores* can help you see how that particular part of the decision making process is playing a minor (but possibly important) role in your choices.

**Table 1. High Scores**

High I Score	High S Score	High P Score	High F Score
<p>You have a clear sense of self.</p> <p>Whether you are yet a disciplined saver or not, you know that financial security can be a key to personal fulfillment.</p> <p>You “invest” in self-expression, seek your own sense of purpose and want an environment that reflects “who you really are.”</p> <p>You are concerned with doing whatever you can to achieve your goals and make your dreams come true.</p> <p>You are more concerned with your own future well being with less regard for others’ needs or demands.</p>	<p>You probably look after the needs of others as much or even more than your own.</p> <p>You seek to work and play with people you care about.</p> <p>You probably make financial decisions mostly to nurture relationships.</p> <p>You budget with the needs and well-being of loved ones in mind.</p> <p>You might make investment and other financial choices because trusted individuals advise you to do so.</p> <p>Your financial goals involve family and/or your community.</p>	<p>You seek an income and cash flow that helps you achieve a certain lifestyle or standard of living.</p> <p>You value prosperity in order to enjoy material goods and comfort.</p> <p>Your main goal in earning and spending is to enjoy life in your home and surroundings.</p> <p>As you invest in your savings and retirement accounts, you are likely to be planning for a <i>comfortable</i> future with the time and place where you can enjoy your retirement lifestyle.</p> <p>If you’ve been spending too much, better start saving NOW.</p>	<p>You probably like your job mostly for its financial benefits.</p> <p>When you spend money or invest, knowing you are getting value gives you pleasure.</p> <p>You make financial plans for long-term security and short-term goals.</p> <p>Your financial decisions are “hands on.”</p> <p>You also value accuracy, organization, and discipline in the financial professionals and organizations that you deal with.</p>

**Table 2. Low Scores**

Low I Score	Low S Score	Low P Score	Low F Score
<p>You might be a little out of touch with your need for personal expression, perhaps staying in a job with little fulfillment.</p> <p>You spend your money on other people or to achieve a particular lifestyle.</p> <p>You might enjoy finding a bargain, but you might also unwittingly be depriving yourself.</p> <p>Your plans for your future might be hard to finance and secure because they are not fully developed.</p>	<p>You may be a loner and tend to make financial decisions-wise or not- in your own self interests.</p> <p>Your spending may be guided by lifestyle, or the need for self-expression, but it is not related to the needs or wants of others.</p> <p>You save to honor personal goals rather than to ensure a certain type of family or community lifestyle in your retirement years.</p>	<p>Material pleasures and consumables have little interest for you.</p> <p>Others might question your lifestyle, but you are more focused on people or job satisfaction than on keeping up with the Joneses.</p> <p>You are likely to spend on behalf of others or in order to ensure your safety or self-expression.</p> <p>Saving is, for you, a way to protect family needs or self-fulfillment. A modest retirement might work out just fine for you.</p>	<p>Budgeting is annoying to you, and you have little interest in investing or in balancing your accounts.</p> <p>Your spending is aimed at rewarding relationships or comfortable lifestyle; job satisfaction drives your work.</p> <p>You might be susceptible to impulsive buying.</p> <p>You are probably not a faithful saver unless you establish automatic systems to do this for you.</p> <p>Money topics are not likely to be enjoyable to read or discuss.</p>

## ***Changing LifeValues***

Your Profile can shift over time, and your preferences might vary in response to the particular issues or opportunities facing you at any given time. Remember Joan, the graphic artist who left husband, home and everything familiar to strike out on her own at the age of 58? Several months after her move, when she was settled in, living on her own for the first time in her life, she took the LifeValues Profile Quiz again. Her scores were markedly different from her earlier profile, now aligned, she says, with what is most important to her. For the first time in her life, her highest score was in the “F” Financial domain! Her next highest scores, Inner and Physical were 5 and 4 respectively, and Social was at a low of 3. Joan was not surprised: “I’m taking care of myself for the first time in my life, and I’m finally making financial choices that reflect my own values.” she said.

In addition, your own profile might be very different from that of your spouse, partner, or other person central to your financial decisions. Such a situation should be considered carefully. If your “other half” scores low where you score high and vice versa, financial decision making over time could eventually undermine your relationship. And, if you are not even able to discuss your individual results on the quiz and consider accounting for differences, chances are very good that financial decisions are already negatively impacting your mutual lives. In that case, professional help would be a very good idea.

## ***Applying Life Value Scores for your Future Security***

You have taken the Profile Quiz because you are about to give this exercise to your students or clients. You will be enriched as a teacher by learning how this simple exercise can open up their ability to reflect and to communicate their

deeply held values—sometimes values they never knew they even had. As you continue to learn about your own financial posture and money decisions, thinking hard about what matters to you in life, the interaction with your students or clients will continue to inform your teaching style and help you become a more empathetic financial educator.

It is a good idea to date and save today’s results as a comparison to future quiz results, as you will also advise your learners. At the end of your course, you will see some “aha’s” coming from learners as they resolve to change—if they can—some of their decision making habits that no longer serve them. You too will know whether you are on the right financial path, so it is always wise to retake the quiz from time to time and see how your decision making process has changed with new knowledge and insight.

Awareness over time gives us more information about how we are influenced by the social realities that surround us. At the same time we begin to resist those social influences that prevent us from living life and handling our affairs according to our own core values. The LifeValues Profile Quiz also can be an excellent tool to consult whenever you are facing a major life decision: career change, marrying, starting a family, buying a home, retiring, taking over the care of an aging parent, or any planned or unplanned major life transition. Too often, we can get caught up in the momentum of these emotion-laden decisions without thinking them through. Before we know the whys of our own decision making, we might have made irreversible choices that later “do not feel right” to us and have disastrous consequences. Like Joan, even after a long marriage, discovering one’s own core values can have a profound effect. Grounding your choices in your needs and values can help to prevent and avoid poor life decisions.

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## Student/Client Exercises History and Profile Quiz

### ***How Childhood Dreams Become Adult Habits***

As with the learners in your classrooms and seminars, your own family history influences your decisions today. Dreams and fantasies about wanting toys, clothes, and other possessions (material and intrinsic) begin in childhood and stay with us more or less over the years. The dream of getting the “treasures” we want is both symbolic and literal for children, and the dream endures for many of us throughout adulthood. The following exercise is designed to help you examine your unique money history and recall your dreams and fantasies about the way your parents taught you to value money and the things money could buy. Doing this will contribute to self-understanding and should help you better understand the patterns of your students and clients.

Whether spending money, managing money, or making investment decisions, you can unwittingly reenact your original family culture without being aware of why you are doing it. In fact, you may be imitating a parent’s behaviors *even when you do not like those behaviors*.

When you establish a relationship with a partner that will involve joint finances, you now are dealing with the family patterns and cultures from *two* distinct pasts. Identifying your childhood relationships to money will help give you insight into what you value (or hate) about your financial life today and will allow you to shed the behaviors you have outgrown. The goal is to make choices that fully reflect your adult values rather than the needs, wants or shoulds that might still be mired in your childhood.

### ***Your Unique Financial History***

With only a few minutes of serious reflection, you can record vital 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 and siblings when it came to your allowance, discussions (or fights) about money, silences when you asked questions, the purchases you made, the “things” that you wanted, how and whether you got them, and the purchases and decisions about money that were made for you. Write a few summary points that you recall as being particularly significant.

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

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

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**Step Four:** Now, compare your childhood experiences with your positive and negative financial habits as an adult. Do you recognize any childhood patterns or preferences brought into adulthood? If so, are they compatible with your adult values and lifestyle, or do they cause disharmony? It is time to claim your own values without ever again having to look back in time.

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***The Payoffs of Becoming Financially Competent***

The payoffs of learning about these influences and about your money motives and behaviors can be huge. Ask your partner to complete these exercises too, because the issues you will uncover can help smooth the way for improved communication and mutual understanding. In fact, the relationship benefits that will emerge are immediately transferable to the other personal and professional choices you will make in life.

To begin to use your money history to gain insight into your current behaviors, here are three crucial questions to ask yourself before you approach the checkout counter on your next shopping trip:

4. Why do I want to buy this/these items?
5. How do I make spending decisions? Am I actively engaged or passive and reactive?
6. Does my decision-making approach help me or hurt me?

As you become better acquainted with your own inner motivations, the answers to these three questions will sharpen. Focusing on these three questions will help you to further hone your understanding of your spending patterns. You will discover which purchases are habit-driven or based on satisfying childhood desires, and which ones are truly value-driven, and you can use this insight to purposefully navigate your way through the financial decisions you face everyday.

### ***Now Try the Quiz for Yourself***

The LifeValues Profile will show you how your four LifeValues categories influence your own decision making. The results can help you start a conversation with loved ones, advisers, and even those who depend on you. Encourage the key individuals who participate in or influence your decision making to take the quiz as well. That should help you improve your ability to work together, while maintaining your own identity as you make wise choices.

*Expect your categories (inner, physical, social and financial) to overlap.* Bear in mind that there is no “wrong” answer. You are simply identifying your preferences. Remember that your answers are intensely personal—resist the urge to choose an answer someone else might believe is right for you. Quickly choose only one answer per statement, the one that feels most like who you really are. Record your answers in the space provided. Then, use the instructions that follow to interpret your score. You will learn how your values are impacting your financial and other decisions.

## The LifeValues Profile Quiz

1. My decision about which vehicle to drive comes down to this main issue:
  - a) My family members are on board with my decision, and the vehicle will serve all our needs as a family.
  - b) I want a vehicle that is dependable and gets me where I'm going with the least amount of trouble.
  - c) I'll weigh the costs and benefits of each vehicle and choose the one that meets my budget.
  - d) I make enough to be able to afford the vehicle I love to drive even if the gas mileage is not great.
  
2. One important priority I have in looking for my next home includes finding
  - a) A place where I can make new friends (and/or my children can find friends and playmates).
  - b) A home in a location where I can have more quiet and privacy.
  - c) A home in a nice neighborhood that will appreciate in value.
  - d) A home that has more space, more interesting amenities, or more modern features than my present home.
  
3. If I were to be late with a payment that would have serious credit consequences, I would worry most about
  - a) My reputation and credit score
  - b) How this mistake could possibly have occurred and what I need to do so it cannot happen again.
  - c) Where I could obtain the money to make the payment.
  - d) The impact this might have on my partner or family.
  
4. The fundamental reason for health insurance is, in my opinion
  - a) To prevent bankruptcy or severe financial strain possibly due to medical bills.
  - b) To be insured against loss of home, material things or lifestyle.
  - c) To protect the wellbeing of family or loved ones.
  - d) To allow life's adventures to continue.
  
5. When I think about changing jobs, my main concern is
  - a) Whether the new job would pay enough so I can cover the costs of my lifestyle
  - b) Finding work that allows me to help others and enjoy my colleagues
  - c) The total financial package: pay, health care and retirement
  - d) Having opportunities for personal fulfillment and challenge in my work.
  
6. I tend to deal with my housing priorities
  - a) In terms of lifestyle, reworking my ideas to learn what I really want for myself.
  - b) On a bottom-line basis: Do I have enough to make a comfortable down payment? Can I handle the monthly payments without too much worry?
  - c) In terms of physical space: Will it have enough amenities? Extra guest rooms? Closets?
  - d) By regarding home as the center of my family and social life where I can entertain and my children can have their friends over.
  
7. In deciding what to do with a sudden cash windfall, I would
  - a) Consider taking a trip around the world and enjoy myself thoroughly
  - b) Investigate a variety of investment possibilities and the long-term return of each.
  - c) Use it to fund a need, wish or desire of a family member.
  - d) Buy a new house with all the amenities and comforts I've always wanted.



8. In case of serious accident or illness, my support network would likely be
- Well-established and responsive.
  - Something I haven't really thought about.
  - Triggered by my health plan.
  - In place but loosely organized.
9. Any decisions I would make (or have already made) about planning for retirement are based on
- The future needs of my partner and adult children and grandchildren.
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- a) A lifestyle in which I have what I need to be comfortable over the long term.
  - b) A diversified and sound investment portfolio, and a home that is not mortgaged to the hilt.
  - c) Family and friendships and a sense of community that will last for a lifetime, no matter what happens.
  - d) Having achieved a sense of accomplishment and the freedom to be who I really am.
18. If a home gives me the "freedom" I need, that means I can
- a) Be independent, coming and going as I please and living my life as I see fit.
  - b) Share many common interests with friends and family who live close by.
  - c) Pay off my mortgage quickly because I would like to own it free and clear as soon as possible.
  - d. Make any changes I would like to expand, remodel, improve or redecorate.
19. In my ideal financial position, I would have the freedom to
- a) Live my life independently without worry.
  - b) Share in the activities my friends and family enjoy without stressing my budget.
  - c) Keep my expenses as low as possible while building financial security for the future.
  - d) Buy the things I like most and enjoy a comfortable lifestyle.
20. Given a choice of health care plans, a major criterion for me would be
- a) Having control over which medical providers I can use.
  - b) A strong referral by a reliable friend or co-worker.
  - c) Lower deductibles and co-pays for more extensive coverage.
  - d) A health plan that emphasizes wellness and preventative care.

### ***Scoring Your Profile Results***

Now that you have completed the quiz, here is the key to determining which combination of decision factors tends to drive your financial decisions. Your ultimate goal, of course, is to help your students or clients see which decision factors are driving their financial choices and to help them adjust appropriately. Interpreting your own results first will provide you depth of understanding.

- I stands for inner values
- S stands for social values
- P stands for physical values
- F stands for financial values

Refer to the following list as you score your answers, keeping count of how many Is, Ss, Ps and Fs you have chosen.

1	a. S	b. I	c. F	d. P
2	a. S	b. I	c. F	d. P
3	a. I	b. F	c. P	d. S
4	a. F	b. P	c. S	d. I
5	a. P	b. S	c. F	d. I
6	a. I	b. F	c. P	d. S
7	a. I	b. F	c. S	d. P
8	a. S	b. I	c. F	d. P
9	a. S	b. F	c. I	d. P
10	a. I	b. S	c. F	d. P
11	a. I	b. S	c. F	d. P
12	a. P	b. S	c. F	d. I
13	a. S	b. P	c. I	d. F
14	a. P	b. F	c. I	d. S
15	a. S	b. I	c. F	d. P
16	a. F	b. P	c. S	d. I
17	a. P	b. F	c. S	d. I
18	a. I	b. S	c. F	d. P
19	a. I	b. S	c. F	d. P
20	a. I	b. S	c. F	d. P

## ***Interpreting Your Score***

A very high LifeValues score (above 9) and a lower LifeValues score (4 and below) clearly reveal dominant (high scores) and less important (low scores) decision drivers. Scores that are fairly even across all categories suggest that the four domains are balanced in your life. Neither situation is preferable to the other. The point is simply to understand how and why you decide as you do.

In general, your scores can be interpreted in this way:

1. *Inner LifeValues (Your "I" Score)*. If you scored very high here, you value identity, autonomy, safety and security. Taking charge of your finances can give you the peace of mind you require in a dynamic global village and a challenging economy. You prefer to make your own decisions as a means of self-expression. A very low "I" score suggests that you might see your financial decisions through the eyes of someone else, perhaps deferring to someone else's expectations about your earning, spending, saving and investment patterns. Consider whether that type of decision making is actually providing comfort for you.
2. *Social LifeValues (Your "S" Score)*. A high S score usually indicates that your chief concerns involve family needs or preferences of friends. Are you caring for an aging parent, saving for a child's college fund, or trying to keep pace with an active social circle? Individuals with high S scores generally live and finance interactive, perhaps supportive, lifestyles. A very low S score, on the other hand, might indicate that you live alone, enjoy solitude, and really value financial independence.
3. *Physical LifeValues (Your "P" Score)*. A high P score suggests concern with your health and physical surroundings, perhaps your home or the home you dream of owning. Wise financial planning will support your attempts to maintain a comfortable lifestyle, enjoying the tangible benefits you value. A high P score also indicates an interest in comfort and beauty beyond mere functionality. A very low P score might indicate you are always on the go, more interested in experience than environment, one who tends not to collect "things."
4. *Financial LifeValues (Your "F" Score)*. If you scored high in this category, financial management is probably important to you already, or you are strongly inclined to learn to handle your finances more effectively. Developing your financial skills will honor this value and maximize your knowledge and interest in things financial. If you scored very low in the F category, you probably make your financial decisions impulsively or at least subjectively. You might be using money to satisfy your social or physical preferences, and that's just fine as long as you can afford to do this. Consider as well that you might be neglecting your need to save, invest and spend wisely because these concerns are not of high enough value to you.

## ***Interpreting a Balanced LifeValues Profile***

Scoring fairly evenly across all categories suggests a balance among relationships and independence, community and privacy. It might mean that you value your job for everything it offers: great co-workers, good compensation, and pleasant working conditions. You are probably handling your earning, spending and saving habits well—or at least well enough to provide a sense of comfort. Each category impacts your capacity for decision-making.

### ***Interpreting Higher and Lower Scores***

For scores in particular domains that reach 9 or higher, refer to the following *Table 1. High Scores* to help you understand how that domain helps drive your financial and other decisions.

If you scored 4 or below in a particular domain, the following *Table 2. Low Scores* can help you see how that particular part of the decision making process is playing a minor (but possibly important) role in your choices.

**Table 1. High Scores**

High I Score	High S Score	High P Score	High F Score
<p>You have a clear sense of self.</p> <p>Whether you are yet a disciplined saver or not, you know that financial security can be a key to personal fulfillment.</p> <p>You “invest” in self-expression, seek your own sense of purpose and want an environment that reflects “who you really are.”</p> <p>You are concerned with doing whatever you can to achieve your goals and make your dreams come true.</p> <p>You are more concerned with your own future well being with less regard for others’ needs or demands.</p>	<p>You probably look after the needs of others as much or even more than your own.</p> <p>You seek to work and play with people you care about.</p> <p>You probably make financial decisions mostly to nurture relationships.</p> <p>You budget with the needs and well-being of loved ones in mind.</p> <p>You might make investment and other financial choices because trusted individuals advise you to do so.</p> <p>Your financial goals involve family and/or your community.</p>	<p>You seek an income and cash flow that helps you achieve a certain lifestyle or standard of living.</p> <p>You value prosperity in order to enjoy material goods and comfort.</p> <p>Your main goal in earning and spending is to enjoy life in your home and surroundings.</p> <p>As you invest in your savings and retirement accounts, you are likely to be planning for a <i>comfortable</i> future with the time and place where you can enjoy your retirement lifestyle.</p> <p>If you’ve been spending too much, better start saving NOW.</p>	<p>You probably like your job mostly for its financial benefits.</p> <p>When you spend money or invest, knowing you are getting value gives you pleasure.</p> <p>You make financial plans for long-term security and short-term goals.</p> <p>Your financial decisions are “hands on.”</p> <p>You also value accuracy, organization, and discipline in the financial professionals and organizations that you deal with.</p>



**Table 2. Low Scores**

Low I Score	Low S Score	Low P Score	Low F Score
<p>You might be a little out of touch with your need for personal expression, perhaps staying in a job with little fulfillment.</p> <p>You spend your money on other people or to achieve a particular lifestyle.</p> <p>You might enjoy finding a bargain, but you might also unwittingly be depriving yourself.</p> <p>Your plans for your future might be hard to finance and secure because they are not fully developed.</p>	<p>You may be a loner and tend to make financial decisions-wise or not- in your own self interests.</p> <p>Your spending may be guided by lifestyle, or the need for self-expression, but it is not related to the needs or wants of others.</p> <p>You save to honor personal goals rather than to ensure a certain type of family or community lifestyle in your retirement years.</p>	<p>Material pleasures and consumables have little interest for you.</p> <p>Others might question your lifestyle, but you are more focused on people or job satisfaction than on keeping up with the Joneses.</p> <p>You are likely to spend on behalf of others or in order to ensure your safety or self-expression.</p> <p>Saving is, for you, a way to protect family needs or self-fulfillment. A modest retirement might work out just fine for you.</p>	<p>Budgeting is annoying to you, and you have little interest in investing or in balancing your accounts.</p> <p>Your spending is aimed at rewarding relationships or comfortable lifestyle; job satisfaction drives your work.</p> <p>You might be susceptible to impulsive buying.</p> <p>You are probably not a faithful saver unless you establish automatic systems to do this for you.</p> <p>Money topics are not likely to be enjoyable to read or discuss.</p>

***Changing LifeValues***

Your Profile can shift over time, and your preferences might vary in response to the particular issues or opportunities facing you at any given time. Remember Joan, the graphic artist who left husband, home and everything familiar to strike out on her own at the age of 58? Several months after her move, when she was settled in, living on her own for the first time in her life, she took the LifeValues Profile Quiz again. Her scores were markedly different from her earlier profile, now aligned with her deepest values. For the first time in her life, her highest score was in the “F” Financial domain! Her next highest scores,

Inner and Physical, were tied at 5, and Social was at a low of 2. Joan was not surprised: “I’m taking care of myself for the first time in my life, and I’m finally managing my finances on my own,” she said.

In addition, your own profile might be very different from that of your spouse, partner, or other person central to your financial decisions. Such a situation should be considered carefully.

If your “other half” scores low where you score high and vice versa, financial decision making over time could eventually undermine your relationship. And, if you are not even able to discuss your individual results on the quiz and consider accounting for differences, chances are very good that financial decisions are already negatively impacting your mutual lives. In that case, professional help would be a very good idea.

### ***Applying Life Value Scores for your Future Security***

You have taken the Profile Quiz because you are about to give this exercise to your students or clients. You will be enriched as a teacher or counselor by learning how this simple exercise can open up their ability to reflect and to communicate their deeply held values—sometimes values they never knew they even had. As you continue to learn about your own financial posture and money decisions, thinking hard about what matters to you in life, the interaction with your students or clients will continue to inform your teaching style and help you become a more empathic financial educator.

It is a good idea to date and save today’s results as a comparison to future quiz results, as you will also counsel your learners. At the end of your course, you will see some “aha’s” coming from your students and clients as they resolve to change—if they can—some of their decision making habits that no longer serve them. You too will know whether you are on the right financial path, so it is always wise to retake the quiz from time to time and see how your decision making process has changed with new knowledge and insight.

Awareness over time gives us more information about how we are influenced by the social realities that surround us. At the same time we begin to resist those social influences that prevent us from living life and handling our affairs according to our own core values.

The LifeValues Profile Quiz also can be an excellent tool to consult whenever you are facing a major life decision: career change, marrying, starting a family, buying a home, retiring, taking over the care of an aging parent, or any planned or unplanned major life transition.

Too often, we can get caught up in the momentum of these emotion-laden decisions without thinking them through. Before we know the whys of our own decision making, we might have made irreversible choices that later “do not feel right” to us and have disastrous consequences. Like Joan, even after a long marriage, discovering one’s own core values can have a profound effect. Grounding your choices in your needs and values can help to prevent and avoid poor life decisions.

**ISFS**

**Institute for Socio-Financial Studies**

**325 Four Leaf Lane, Suite 7**

**Charlottesville, VA 22903**

**434 823-1320**

**[www.isfs.org](http://www.isfs.org)**