

Opinion: How to rethink your relationship with money

By Jane Honeck

With the new withholding tax tables announced by the IRS recently, many American families will have more money in their paychecks every week, but those dollars could disappear fast if they hold on to their old attitudes about money.

My experience is extra cash tends to disappear fast, because most people don't manage their money – they let their money manage them.

According to the Census Bureau, the median family income in the U.S. is a little over \$78,000 annually. Now, that means the 2 percent downward adjustment will put an additional \$60 in the median two-week paycheck, or \$1,560 per year, which will be gone in a heartbeat in most cases.

If people really want to make a difference in their lives this year, maybe this is a good stopping point to re-examine how we view money in our lives.

When we first encounter money, there are no instructions that come with it. We grow familiar and intimate with money and begin using it as soon as we start getting an allowance, and so we grow up thinking that we know how money works. However, when we encounter money problems in later life, try to strategize our investments, try to balance our monthly budgets or plan our retirement, the truth becomes clear: money is not so easily understood. The only way we can master it is to go back to the beginning and really think about what money really is, and examine our previously unexplored beliefs about how money works in our lives.

Here is a three-step guide to rethinking your relationship

with money.

* Ask ourselves what we think money really is – Many of us can't answer that question, because we never really thought much about money and its role in our lives. We simplify it as something we use to pay for the necessities of life, and once we use it, we have to make more. As important as money is in our lives, wouldn't it follow logically that we really should have a deeper understanding of money as it relates to our lives? The first step is examining what we think it is, and then moving forward from there.

* Talk about money – Like sex, we never learned to talk about more than the mechanics of money. Consequently, we picked up messages, interpreted them ourselves and turned them into beliefs that run our financial lives. Talking more about money, and not less, not only enhances our understanding of it, but makes us more capable of controlling it instead of allowing it to control us. It's a fact that conflicts over money are the number one cause of divorce, and this phenomenon is driven by dysfunctional communication about money. We need to learn to communicate more freely about money in order to take control.

* Create a new money philosophy – Money is not concrete or mechanical – it is a fluid force in our lives. Once we understand its role in our lives and how we view it, and we are able to talk about it, we can then begin to change it. Once we are able to see money as the slave and not the master, and work to realign our perspective on money and how our lives interact with it, we can begin setting and living by reasonable rules that put us in charge.

We focus too often on the minutiae of life, and forget that taking a look at the big picture can have such a dramatic impact on our lives. There is a vast difference between doing the monthly bills and balancing the checkbook and having a real money management philosophy. My advice isn't to simply

try to use the extra few dollars wisely, but rather, to look at the big picture, so all your dollars can make a difference in your life.

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