



Assess Your Money Habits and Attitudes

What is Your Financial Personality?

Circle the answer to each question that most closely reflects your own attitudes and experiences with money.

1. I'm most likely to blow the budget:
 - a. In a designer clothes shop – I adore fashion.
 - b. On a family holiday – I want everyone to enjoy themselves.
 - c. Overspend? Not if I can help it.
2. When an unexpected bill arrives in the mail, I:
 - a. Shove it in a drawer with all the others.
 - b. Add it to my to-do list.
 - c. Check that it's correct and pay it immediately.
3. I prefer to:
 - a. Put everything on a credit card and think about it later.
 - b. Keep credit for major buys and use my debit card for everyday spending.
 - c. Use my debit card as much as possible, so I stay within my budget.
4. At any given time, I:
 - a. Don't know how much I owe and try not to think about it.
 - b. Can tell roughly what my debt amounts to.
 - c. Know exactly what's outstanding – and have a plan to reduce it.
5. I have an overdraft arrangement because:
 - a. I'm always in the red by the end of the month.
 - b. The kids always want things, and I don't have time to save up.
 - c. If I do need it, a pre-arranged overdraft charges less interest.
6. When I get my credit card statement, I normally repay:
 - a. The minimum – and sometimes that comes from another credit card.
 - b. As much of the outstanding amount as possible.
 - c. The entire balance.
7. My monthly budget is:
 - a. An ideal rather than a reality – I never have enough money to go round.
 - b. Usually OK but I sometimes overspend.
 - c. Very occasionally a struggle but I generally stick to it.
8. I am:
 - a. Carefree with money – I enjoy today and let tomorrow look after itself.
 - b. Likely to overspend every now and then.
 - c. Always in control of my finance.
9. When I need to borrow, I:
 - a. Take whatever I'm offered – and get another card or loan when I reach my spending limit.
 - b. Go for the first decent-looking offer I get.
 - c. Shop around for the best deals on credit cards and loans – I always read the small print.
10. Savings are:
 - a. What savings? I spend every penny that comes in.
 - b. There to pay for important things, such as a deposit for a home of our own or a new kitchen.
 - c. Part of my monthly budget plan.
11. If I received an unexpected \$5,000 windfall, I would:
 - a. Knock a bit off my credit card bill but spend the rest on a shopping mini-break.
 - b. Pay off some debts and put the rest towards a new car.
 - c. Put it in a high interest account while I research ways of spending or investing it.
12. I get uncomfortable when:
 - a. I can't buy what I want as soon as I see it.
 - b. I can't afford to treat my friends and family
 - c. I can't identify all the transactions on my bank statement

Which letter for answers did you choose you most often? _____

Quiz Results

Read the profile for your most frequent answer.

A. **Money is for enjoying, as far as you're concerned.** You may consider luxuries such as new computers, cars or designer clothes as modern essentials, which can make it hard to cut back. You will tend have a great time, though – until your overspending catches up with you. You need to remember that credit isn't free cash and that all your bills ultimately have to be paid. You might want to avoid temptation, by saving a small but regular amount to pay off your debts – and learning to say no.

B. **Money is for sharing with others and for living a comfortable life.** You're quite well organized financially but are likely to overspend when you're stressed or unhappy – and you can excuse your extravagance if it's designed to make other people happy. You might want to start saving little and often so you can afford to indulge those you love, drawing up a budget that priorities essentials over treats – and learn to say no more often.

C. **Money is for security, which is fine when you have enough of it to feel safe.** When you're short, you feel panic-stricken. You're more than capable of sticking to a sensible budget, making repayments on time and saving for the future. You might want to start paying off debts before you add to savings, asking for advice and help if you're in trouble – and learn to manage your level of debt sensibly.

Source: Visa Europe, 2008: www.bettermoneyskills.com.

Find out your financial personality using “Assess Your Financial Habits and Attitudes.” You have choices on how you can spend your money. Getting a clear picture of the way you feel about and use money can help you make different spending choices and form new money management habits. After completing the assessment, ask:

- Which words in my profile describe how others may see me? Which describe how I see myself?
- How do I feel about my profile?
- What are the advantages of my profile?
- What are the disadvantages of my profile?
- How am I currently acting within this profile?
- How’s the profile working for me?

A number of factors shape a money personality.

- **Your childhood experiences.** If you grew up in a family where money was tight, and everyone believed that life would improve if there were more money around, you might crave financial security. If, on the other hand, money was not an issue, you may be inclined to spend now and worry about it later.
- **Your age.** Before the 1950s, people were often taught not to borrow but instead to save up to pay cash. We now have many more options to pay, including credit, debit and prepaid cards and personal loans.
- **The people around you.** It’s human nature to try to keep up with everybody else. If your friends and neighbors all drive nice cars, take a vacation every year or eat out several times a week, you might want to do the same, whether or not you can afford it. Many people overspend because they feel pressured to match their friends and family.
- **Your mood.** Your state of mind is also important. You could tend toward being a saver. However, if you’re feeling unhappy, you could have a moment of retail therapy. It may be an attempt to cheer yourself up – buying yourself a present – or simply that you don’t pay attention to price when you’re busy feeling sad about something else. Predictably, you’re more likely to splurge if you’re under stress, tired or have been drinking alcohol. Equally, if you’re feeling anxious about a serious matter, such as family illness, you’re more inclined to be conservative. That means you might prefer an evening in front of the television instead of a trip to the cinema or decide to save the money you’d mentally earmarked for a night out with friends.

Think about how your financial personality is connected to your habits and attitudes. More importantly, think about how you can overcome your financial biases that are not working for you, improve your financial decisions and change your behavior so that you can reach your goal of homeownership.



Keep in mind every financial decision you make is influenced by multiple factors, including your thoughts and feelings and the context. This reflects the complex feelings people have about their money. People do the best they can to make sound decisions based on their values, past experiences, messages around them and what their brains are telling them. The more you understand what's behind your financial decisions, the easier it will be for you to come up with better strategies for future financial choices.

Decision making is the process by which you identify, combine and integrate information in order to choose one of several possible courses of action. Every financial choice has trade-offs – what you are getting and what you giving up. Often, we make decisions without full comprehension of both the costs and the benefits of a particular choice. Now that you are working toward a goal and aware of your money personality, you can slow your decision-making process down. Explore all available options and then consciously choose what you really want. The goal is to have a healthy relationship with your money so you can have the financial life you want – home and all.

Start thinking about the changes you need to make to buy your own home. You've just examined your financial habits. You will most likely have to change some of your financial habits to save money for a house. Take a few minutes to answer the following questions:

- What things would be the easiest to change?
- What would be the hardest?
- Is a house worth changing your financial habits?
- How ready are you to do this now?
- What other things do you want or to do (go on vacation or make car repairs) before you start saving for a house?
- What one thing will you commit to doing right now?

EXAMINE MONEY PROFILES

Here are some descriptions of how different people use money.

Lisa, the SuperSaver

- ✓ Will not buy anything without shopping for the best bargain
- ✓ Drives across town to do her shopping with double coupons at the market
- ✓ Never throws away leftovers
- ✓ Keeps her home too chilly in the winter and too warm in the summer
- ✓ Wants to save her money because it makes her feel secure
- ✓ Spending money makes her feel anxious

Debra, the Conservative

- ✓ Saves 10 percent of her paycheck every week
- ✓ Doesn't enjoy shopping
- ✓ Brings her own lunch from home to work most days
- ✓ Never buys anything new when the old one is still usable
- ✓ Never buys on credit, but saves until she has the money for the purchase
- ✓ Wants money so that she can have things in the future

Kyle, the Carefree

- ✓ Wants nice things and thinks about them until he can get them
- ✓ Always has one major debt he is paying off
- ✓ Buys whatever he can afford; his spending habits fluctuate with his income
- ✓ Always pays bills on time
- ✓ Has little or no savings
- ✓ Enjoys spending the money he worked hard to earn

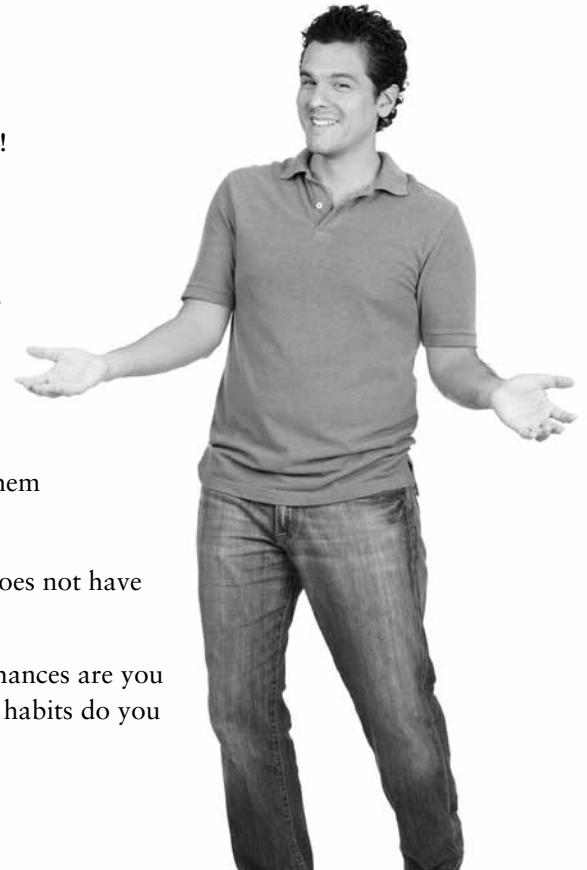
George, the Big Spender

- ✓ Often borrows up to his credit limit; pays interest on most things he owns
- ✓ Takes lots of vacations
- ✓ Buys clothes in the latest styles
- ✓ Loves to treat his friends and leave big tips
- ✓ Doesn't mind working to pay for things, but he wants them now!
- ✓ Spends money to make himself feel good

Michelle, the Overspender

- ✓ Has had to put all her debts together and turn in her credit cards
- ✓ Owes money to the Internal Revenue Service
- ✓ Moves to a more expensive place when she has more money, moves to a less expensive place when she has less money
- ✓ Agrees to buy things even if she doesn't have money to pay for them
- ✓ Is always hoping to win the lottery
- ✓ Spends money to make herself feel important; she pretends she does not have money problems

Do any of these people remind you of yourself? If so, which ones? Chances are you are a mix of these profiles. Circle the details that apply to you. What habits do you want to keep? Which do you want to change?



MAXIMIZE YOUR INCOME

Think about how you can turn your strengths, values and interests into more income this year. What are three ideas?

1. _____
2. _____
3. _____