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Money Scripts

Part 1: The Stories We Tell Ourselves in Order to Live, Save and Spend

When it comes to our finances, we're only human. We make good decisions and sometimes, not-so-good decisions. **Behavioral biases** play a big role in our savings, spending and investing decisions. But there's another reason behind some of the financial decisions we make — it's how we were brought up.

Psychologist **Dr. Brad Klontz** calls these our "money scripts"—unconscious rules and beliefs we develop about money that are often passed from generation to generation. Some guide us in positive directions, like learning the importance of saving for a rainy day. And some can lead to challenging behaviors later in life.

One study in Britain, for example, found that children who were raised in households where spending was secretive were more likely to develop hoarding and other compulsive money habits as adults.

"The problem is that we take these beliefs for granted as adults, and we rarely go back and examine them, let alone decide to change them," **Klontz says.** "Instead, they're kind of like an actor's script in a movie; we just continue to read the lines in our heads. . .and believe that they're true, when in fact, they are often quite distorted and limit our success."

Not all money scripts are bad. But getting caught up in your own negative money scripts can knock you off course as you pursue your financial goals. Learning to recognize your scripts—and discovering ways to counter those negative ones—puts the power in your court, helping you make positive changes to your financial behavior.

In the first part of this two-part series, let's explore some of the most common money scripts.

Understanding Money Scripts

While there are **many money scripts**, Klontz and his fellow researchers have identified four main patterns.

1. Money Status: This category of scripts leads people to tie their self-esteem to how much money they have. It can lead to impulse buying and overspending to flaunt wealth.

The urge to keep up with the Joneses—or even show them up may be fueled. Those who view their money as a status symbol believe that buying high-end clothes or luxury cars will show the world how successful they are. They might round up when they tell people how much they earn, and keep secrets about money from their partners, especially if their spending leads to living beyond their means.

They might also have distorted view of others based on how much money they have, believing rich people should be happy and poor people are lazy or don't deserve money at all, for instance.

2. Money Worship: Those who identify with money worship often feel like money is the key to happiness, freedom and power—and if they only had more, their problems would be solved.

Closely tied to these feelings is the belief that you can never have too much money, and that you can't trust other people around money issues. This belief can set money worshippers on a spend treadmill as they chase happiness goal posts that keep shifting further into the distance.

3. Money Avoidance: People who avoid money (or managing the money they've got) carry a deep-seated belief that money is bad or shameful, that accumulating wealth is greedy and that those who do so are corrupt. It is no surprise, that money avoidance can hamper the ability to accumulate wealth.

Those who identify with this pattern may have a deep distrust of wealth and may even think that having less money is virtuous. There may even be some feeling of not deserving to have money.

4. Money vigilance: Vigilant spenders accept that money is a practical tool best used to save for the future. The money vigilant are often frugal, and they may downplay how much they make and even be secretive about money.

For these people, talking about money can feel shameful or taboo, making it tough to have practical conversations about it. They may have a hard time spending money on themselves, whether it's buying a new appliance when the old one breaks or shelling out on an interest or activity that brings them joy.

Now, we should note that these categories represent extremes. And as such, they may not read as particularly attractive. Who wants to identify with any of them, really? But in reality, we likely contain a bit of each of these patterns to varying degrees. Some may pull stronger than others, and some that sound overtly negative may offer strengths. For example, it's okay to buy something flashy every once in a while (and even to get a thrill from showing off a bit), especially if your stronger tendencies lean toward money vigilance.

Understanding the most common money scripts will equip you to start keeping an eye out for where echoes of each appear in your own life for postive or negative. Identification is important because it allows you to move away from tendencies that don't serve you well and toward those that do. In the second part of this series, we'll offer strategies for flipping the script.

Eric Hutchens
President & Chief Investment Officer

Headlines

- Allodium commemorated the publication and launch of David Bromelkamp's book *AdvisorSmart for the Individual Investor: Your Guide to Selecting a Financial Advisor to Get Better Financial Advice.* A celebration was held at the Renaissance on May 6, 2025.
- David Bromelkamp was a featured speaker at the 2025 NAPFA Spring National Conference in Phoenix, Arizona, on May 8, 2025.
- Allodium welcomed eight new clients in the first quarter of 2025.
- Our office will be closed June 19, July 4 and September 1, 2025 for company holidays.

More about Allodium's news, visit **www.allodium.com**

Team Highlights

- Brie Olson completed six weeks of intensive training for the Advanced Leaders Course, Network Communication Systems Specialist, through the National Guard at Fort Eisenhower in Augusta, GA. Congratulations!

Learn more news about Allodium's team on Facebook at **www.facebook.com/AllodiumInvestmentConsultants/**

> *Far more money has been lost by investors trying to anticipate corrections, than lost in the corrections themselves.*
>
> – Peter Lynch

WE APPRECIATE YOUR INTRODUCTIONS

Do you have a friend or family member who could benefit from independent, fee-only, fiduciary financial advice? We are here to help. Please contact us to arrange a friendly, no-obligation introduction. Our mission is to simplify and improve the financial lives of our clients.

Steward is published quarterly by Allodium Investment Consultants. Please contact iavraamides@allodium.com if you have any comments about this publication or wish to be added to or removed from our mailing list.

FINANCIAL PLANNING

FINANCIAL PLANNING TIP

Credit Freeze Quick Take

Instant online access has become our default setting. With a few taps on a screen, we can book a workout class, pay bills or check our investment accounts—all without a second thought. The digital revolution has streamlined our lives in ways we couldn't have imagined. But there's an unfortunate side effect: Every interaction leaves a trail of personal data scattered across businesses, employers, social media platforms and government databases.

You can be sure these folks are doing all they can to protect your data—after all, it's not a good look to lose control of user information. But you can also bet that cyberattackers are always looking for a way in; and they find one more often than we'd like.

Unfortunately, the data here is a little bit grim. In 2024, there were about 1.3 billion notices sent to consumers stemming from more than **3,000 cyberattacks on companies.** Here's the rub: When stolen, your most sensitive data, including your Social Security number and banking details, can be used to rack up charges on your credit card, siphon funds from your financial accounts or open fraudulent accounts in your name. It can take a lot of time and effort to repair the damage—and there's no guarantee that you won't be left holding the bag.

What Is a Credit Freeze?

What can you do to shield yourself from identity theft? Consider a credit freeze as an added layer of protection. Anyone can freeze their credit at any time. It's free; you don't have to wait for your personal information to be compromised and it won't affect your credit score.

In fact, there's little reason not to do it, except that the process can require a bit of legwork. You'll have to contact each of the three main credit reporting bureaus—Experian, TransUnion and Equifax—online or by phone, separately, to request a freeze. (Note, some of the credit bureaus bury their free credit freeze services because they also offer pricey credit monitoring services. It's worth it to spend the time finding the free versions.)

Here's the information you'll need:

- **Equifax: Visit their website** or call 1-800-349-9960.
- **Experian: Visit their website** or call 1-888-397-3742.
- **TransUnion: Visit their website** or call 1-800-916-8800.

Your credit freeze will remain in place until you lift it. Each bureau will give you a PIN or a password that allows you to do so. Keep this in a safe place.

If you want to apply for credit, such as a new credit card, a car loan or a mortgage, you'll have to contact each one of the bureaus again to lift the freeze. However, if you're able to find out which of the credit bureaus your potential lender uses, you can save a bit of time and contact just that bureau.

What If Your Information Has Been Compromised?

If you know or suspect that your personal information has been compromised, you may also want to place a fraud alert on your account. To do so, you only need to contact one of the credit reporting bureaus, which will then tell the other two to also place an alert on your file.

There are three types to choose from. Initial fraud and active-duty alerts last for one year during which businesses must contact you to confirm your identity before opening a new account in your name. If you know your information has been stolen and you've filed a police report or an FTC identity theft report at IdentityTheft.gov, you can place an extended fraud alert on your account. These alerts last for seven years, at which point you have the chance to renew it.

Is a Credit Freeze Right for You?

There's little downside to freezing your credit, and a lot of potential upside. In other words, an ounce of prevention is worth a pound of cure. When fraudulent accounts are opened in your name, you might face financial losses and a long and involved process as you file reports, dispute fraud and work to repair your credit score. Avoiding this process may be well worth the small trouble of contacting the credit bureaus when you want to apply for credit.

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