

Q&A

Taking control of our money emotions

Diana Chambers tells **Tom Welsh** how to stop our feelings about wealth damaging our ability to make decisions

Financial education became part of the National Curriculum in England in 2014, and children in maintained schools must now be taught the basics of income and spending, bank accounts and pensions, debt and investment.

But are we missing something? Our relationship with money is defined by far more than whether we know a lot about it. Jealousy, greed, anxiety and obsession are all emotions frequently associated with wealth, and can wreak havoc well beyond our bank balance.

Diana Chambers, who works alongside the financial advisers of high net worth clients to help the latter own, spend and allocate their wealth more wisely, thinks we should all pay more attention to this emotional relationship. I spoke with her to find out more.

WHAT IS FINANCIAL EMOTIONAL INTELLIGENCE, OR FINANCIAL EQ?

In our culture, money has a great deal of symbolic power, so we all have an emotional relationship with it in some form or another. Financial EQ is not just about having a negative or positive relationship with money, however, but a conscious or unconscious one. Do we realise that the messages we've received over our lives have impacted how we feel about it?

If we don't realise what drives how we feel about money, we have very little freedom to make any changes and will find it hard to talk constructively and resolve conflicts about it with our children, partner or friends. We might feel discomfort or pain when something isn't working, or when we compare ourselves unfavourably with someone else. So financial EQ is understanding how money affects us and our relationships, and how people connect with us because of our relative wealth.

HOW DOES A HIGH FINANCIAL EQ MANIFEST ITSELF?

One is an ability to put money in its proper place. Most of us tend to make money a top pri-

ority. It is a priority. But is it more important than friendships, health and happiness? If we focus on money as the ultimate issue in our life, we lose sight of the other essentials.

Financial EQ can also have a positive impact on financial returns. Lots of people have a hard time letting go of decisions they've made, for example. They're invested in a particular choice, they don't want to crystallise a loss, so they hold onto an asset when that money could be better invested elsewhere. If we learn why we're making our financial choices, we're in a position consciously to choose another path which might serve us better.

Ultimately, it's like having a healthy relationship with a person. If we have a conscious relationship with our money, we are in a much stronger position to know how that relationship is going to play out in the long term. It could then be a real source of support rather than worry.

IT'S CONSIDERED IMPOLITE TO DISCUSS MONEY IN THE UK. IS THIS ABOUT GETTING OVER CULTURAL HANG-UPS?

If we're told that it's rude or inappropriate to discuss money, that causes us to close down and think that it isn't something we should be doing. But financial EQ is not easily won in any setting. I have a lot of experience in the US. Financial EQ is in short supply there, too, and yet people tend to talk about any subject and be very direct.

YOU WORK PREDOMINANTLY WITH WEALTHY CLIENTS. TO WHAT EXTENT IS ALL THIS APPLICABLE TO THE LESS WEALTHY?

Extreme wealth highlights the need for financial EQ. When we don't have so much wealth, we might think that it is a rich person's problem. No. We all need this skill as it smooths the financial side of our relationships, regardless of the scale of our wealth.

I've just published a book - True Wealth - which is designed to help people of all levels of

disposable income and is comprised of letters to me from clients and friends together with my responses.

WHAT SORT OF DILEMMAS DOES IT ADDRESS?

One letter is from a woman who's just graduated from university. She goes out with people who drink a lot and order expensive dishes at restaurants, and her problem is that she's struggling to pay an equal share of the bill at the end of the meal. How does she manage that without damaging her relationships?

First, you need to know what you want to say and to whom. Do you want to address the entire group or start with one or two friends? If you address the entire group, you can be the one to state your position. That way it won't be translated by any of your friends to other members of the group. Alternatively, you might prefer to talk to one or two friends first who can offer moral support when you address the group.

Second, you need to be honest with your friends about the problem - that you love them, but you cannot go on paying at the current level, and that you'd like everyone to consider how the bill is split.

You might get a variety of responses. "Of course. That would be fair. Why didn't you say something before?" "I had no idea. What can we do without making the payment process too complicated?" "I have one of the biggest appetites. I'm sorry I didn't suggest this myself." You might even get silence. But if you're ready to propose an alternative, you will have made great progress if you shift the basis on which you and your friends spend money together.

MONEY IS A PARTICULARLY FRAUGHT ISSUE AMONG COUPLES. HOW CAN FINANCIAL EQ HELP?

Building on the work of Jonathan Rich, three particular money issues tend to play out with-

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in couples. First is financial dependency. One partner is dependent on the other, so problems can build up around that. Second is different spending levels. One feels that the other is spending too much or spending more than their fair share. The third is different levels of risk tolerance. It can be very hard for a more risk averse member of the couple when they're taking on more financial risk than they're comfortable with.

These can all be dealt with, if both members of the couple are conscious about how they feel and are willing to find common ground. Money will be a factor in every relationship, but it needs to be put in its rightful place - still onstage, but not front and centre.

There's an example in my book of a woman who's afraid of entering a relationship because she's not sure whether men will love her or her money. My advice to her was to take it slow, but to take the risk of loving, and to communicate clearly any financial expectations. If you have strong self-esteem, any differences in relative wealth can be dealt with, particularly if there are non-financial avenues for the other partner to contribute to the relationship.

WHAT SORT OF MESSAGES CAN WE GIVE OUR CHILDREN TO ENSURE THEY HAVE A HEALTHY RELATIONSHIP WITH MONEY?

Parents give children money messages right from the day they're born. In my book, there is a story about a man worried about how many toys his son is demanding. The man really likes gadgets. He doesn't realise that his love of gadgets is modelling for his son that it's appropriate to be surrounded by toys.

If we're thoughtful, we can give conscious money messages that reflect the values that are most important to us. We can put appropriate limits and boundaries around material things. We can recognise when something is a treat and doesn't have to be experienced every day. We can see it as such and be grateful for it. ☺