Money Trauma
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What is Money Trauma?

Money trauma is a psychological, emotional response to an event or an experience that is profoundly distressing and has effects on our personal finances. Money trauma is not just what happens to you but what happens inside you. There is a mental and physical component to money trauma.

Trauma is stored in the limbic system, and this is where our senses are experienced. The limbic system controls emotions, behaviors, and fight or flight responses and is involved in your emotional processing. Money trauma is imprinted into your brain.

Money trauma isn't a specific diagnosis, unfortunately.

How does money trauma show up?

A study done in 2016 by the financial company, Payoff, "released a first-of-its-kind study showing 23 percent of Americans – and 36 percent of Millennials – experience a debilitating degree of stress surrounding their finances, resulting in pathological effects on their thoughts, feelings and behaviors that are most commonly associated with post-traumatic stress disorder (PTSD)."

People suffering from money trauma have behavior grounded in denial and avoidance that isn't rational or by choice and results in an increased inability to plan, organize, and manage one's financial life while simultaneously experiencing a full range of symptoms associated with PTSD. These include agitation, irritability, hypervigilance, self-destructive behavior, and isolation that can lead to an inability to have loving feelings towards others.

What causes money trauma?

There isn't one single cause of money trauma. We all can experience differing degrees and situations that create money trauma.

Example: chronic money trauma - systemic poverty, financial abuse, business closing, laid off from a job
Example: acute money stressors - I divorce, death, chronic illness

Here are some other common forms of money trauma:
- Debt of any kind (particularly student loan debt)
- Death (survivor guilt comes into play a lot of times when a survivor inherits a life insurance benefit)
- Financial abuse in a relationship

- Criticized about how you spend and save money
- Money beliefs from childhood
- Collective money trauma (experienced by a large group of people) - sexism, the pandemic, recessions, ethnic or religious persecution, natural disasters
- Generational trauma passed down from your ancestors

What does money trauma look like?

The more hyper-focused you are on a topic – the more likelihood of trauma. Asking yourself, “How do I feel about money,” tells you a lot about trauma that might exist.

A good way to tell if you have money trauma is to notice what’s happening in your body around money. For example, do you get stressed on payday and have neck soreness or a racing heart? When you are around certain people, do you get fearful or shut down when anything around money comes up? Does your voice get higher-pitched when talking about money? Do you hate looking at your bank account balance?

Unresolved money trauma creates nervous system dysregulation within the body and can manifest in anger, anxiety, isolation, depression, and defensiveness.

Money trauma often looks like this:

- Overspending - if you are nervous or triggered by money, you might have a tendency to overspend to get a chemical response to feel better, and if you spend money, you don’t have to take care of it. Also, if you grew up financially insecure, you might have a tendency to overspend because you aren’t used to having money readily available to you.

- Avoidance - you tend to avoid looking at your money or talking about money. In a relationship, you often avoid discussing money with your partner because you fear shame or judgment.

- Codependent Behavior - you rely on someone to take care of all the money-related activities, including making money out of fear.

- Not spending money - you hold onto money or are super conservative because you fear money might run out, or you want to be prepared “just in case” anything bad happens.

Questions to ask yourself:

1. Do you have intrusive thoughts about money during those hours when you should be most productive?
2. Do you find yourself overspending on a regular basis? YES or NO If so, how?
3. How does hoarding or underspending show up in your life? Does your behavior influence your interactions (and level of engagement) with friends, family members or colleagues?

4. Do you use excessive work as a way to cope or escape emotional pain? Yes or NO
5. Does workaholism influence your eating or drinking behavior? Does it affect your interaction with friends and family?
6. How does financial dependence make you feel? Does it frequently lead to emotional outbursts? Outbursts of anger/resentment? Yes or NO If so, how, where and with whom?
7. Do you engage in financial enabling of any kind?
8. Do you have financial avoidance - coping by not thinking or talking about money any at all?

How do you heal?

Healing starts first with understanding your money story and the factors that play into your trauma response. Look back at how you were raised, what money patterns you repeated automatically from childhood, how your parents talk about or don't talk about money, and any relationships you felt financial discomfort from.

Talking to a therapist or a financial therapist is a great place to start navigating these tricky waters. Because money is such a primal need, it's easy not to want to talk about your money mistakes and explore these areas of trauma; however, doing so will help you create a healthy relationship with money.

1. Journaling is a great way to explore your relationship with money in a safe space. A good exercise is writing yourself a "Hey, Money" letter every day. Write to money and tell it how you feel, what you're struggling with, etc.

2. Self-care is critical to healing. Find ways to calm your nervous system, like getting out in nature for a walk, doing yoga, or listening to meditations. Lean back into the hobbies you enjoyed as a child - coloring, putting a puzzle together, dancing, etc.

3. Create moments of pause. If you tend to overspend, create a boundary like my 24-hour spending pause. Put everything you want to buy in your cart, and then wait 24 hours before you make a purchase.

4. Talk to a friend, family member, or partner about your money worries. Make sure this person is trusted and will not shame or judge you. Talking about money can help you see how you relate to others and that we are all more alike than we know when it comes to money fears and worries.

5. Set money boundaries with others. If you've been helping out your family members with their monthly bills because you feel responsible, set a boundary where you tell them you

can only financially commit to a certain amount of money, or you will help them for a specific time.

6. Self-check-ins daily about what you think and feel about money is important. These check-ins are reminders to calm your nervous system if you’re feeling triggered. Also, asking yourself questions like, “Do I need to worry about this now,” or “Is there an action I can take today that is healthy for me,” are great ways to offer yourself some money tlc.