Money Habitudes For At-Risk Youth

Citations

Foundational Principle of the Money Habitudes Program:

- The majority of our decisions are emotional, not rational, which is why it's so important to help people discover their emotional triggers.

Reference:

Hewig, J., Kretschmer, N., Trippe, R. H., Hecht, H., Coles, M. H., Holroyd, C. B., & Miltner, W. R. (2011). Why humans deviate from rational choice. *Psychophysiology*, 48(4), 507-514. doi: 10.1111/j.1469-8986.2010.01081.x

Abstract:

Rational choice theory predicts that humans always optimize the expected utility of options when making **decisions**. However, in **decision**-making games, humans often punish their opponents even when doing so reduces their own reward. We used the Ultimatum and Dictator games to examine the affective correlates of **decision**-making. We show that the feedback negativity, an event-related brain potential that originates in the anterior cingulate cortex that has been related to reinforcement learning, predicts the **decision** to reject unfair offers in the Ultimatum game. Furthermore, the **decision** to reject is positively related to more negative **emotional** reactions and to increased autonomic nervous system activity. These findings support the idea that subjective **emotional** markers guide **decision**-making and that the anterior cingulate cortex integrates instances of reinforcement and punishment to provide such affective markers. [ABSTRACT FROM AUTHOR]

Lesson 1:

Principle:

- Understanding finances and saving money early in life.

Reference:

FRIEDLINE, T. (2015). A Developmental Perspective on Children's Economic Agency. *Journal Of Consumer Affairs*, 49(1), 39-68. doi:10.1111/joca.12062

Abstract:

Understanding children's development is critical in the midst of efforts that teach children about **money** and open **savings** accounts for them early in life. These efforts are delivered at a time of extensive developmental change, yet with limited attention to this context. Through a review of research, this study unveils the ages at which children may be able to save and to use **savings** accounts-specific aspects of economic knowledge and behavior-based on cognitive, social, and linguistic development. Children are developmentally capable of **saving** by age five or six. Children's developmental gains at this age may prepare them for the gains they make in economic knowledge and behavior. Implications are discussed with regard to policy efforts like Child Development Accounts (CDAs) that open **savings** accounts for young children and encourage **saving** behaviors. CDAs should take development into consideration if children are to use their accounts for their benefit. [ABSTRACT FROM AUTHOR]

Principle:

- "The first step to spending less than you earn is tracking what you spend".

Reference:

Davies, N. (2014). GETTING TO GRIPS WITH MONEY MANAGEMENT. *Nursing Standard*, 29(4), 74.

Abstract:

The article discusses strategies, including budgeting, using a minimum of credit cards and creating an inventory of debt, that college graduates with financial aid bills can use to avoid large quantities of debt.

Principle:

- Having an understanding of why money matters.

Reference:

Supon, V. (2012). Helping Students to Become Money Smart. *Journal Of Instructional Psychology*, 39(1), 68-71.

Abstract:

Being **money** smart has value that offers individuals skills for a lifetime. "Lawmakers had no way of knowing in 2007 that the U. S. economic situation would be where it is today, making financial education for students now even more crucial than at any other time in recent history" (Black, 2009, p. 1). According to Beverly & Burkhalter (2005, p. 1), financial education or financial literacy is the "knowledge and skills related to **money management**." With the increased focus on preparing students for high-stakes testing in schools, a reasonable approach to teaching students about being **money** smart (financial literacy) is through varied instructional methods. It is recognized that the knowledge of **money** enables "changes in financial behavior" (Johnson & Sherraden, 2007, p. 122). Hence, from early childhood to adulthood, the value of **money** has significance. "To ensure that students make sound financial decisions as adults, financial education experts contend that schools and families should start fostering financial literacy before the teen years" (Allen, 2009, p. 5). As teachers and educators, we are responsible to enhance learning in our classrooms and prepare students. Therefore, it is necessary to explore the opportunities and strategies to teach students to be **money** smart. Godfrey (2006) states, "Our children are financially illiterate and unable to inherit the global economy unless we start to educate them in elementary school" (p. 1). [ABSTRACT FROM AUTHOR]

Principle:

- Saving money early in life.
- "The first step to spending less than you earn is tracking what you spend".

Reference:

BOSHARA, R., & EMMONS, W. R. (2015). A Balance Sheet Perspective on Financial Success: Why Starting Early Matters. *Journal Of Consumer Affairs*, 49(1), 267-298. doi:10.1111/joca.12056

Abstract:

This paper offers four ideas. First, a balance sheet perspective on **financial success** is constructive, and that a meaningful measure of the **success** of **financial** capability efforts is the health of one's balance sheet. Second, given relatively weak balance sheets among younger Americans before and after the Great Recession, and given that economically vulnerable families assumed greater balance sheet risk heading into the recession, efforts to build healthy, diversified balance sheets early in life should be strongly considered. Third, policies that establish savings accounts at birth or when entering kindergarten, which have been enacted or proposed at the local, state and national levels, hold particular promise and thus merit further consideration by policymakers, researchers, and others. Fourth, efforts to build savings and assets early in life are likely to yield benefits to children, families, and the economy. Further research and demonstration efforts are critical to moving this agenda forward. [ABSTRACT FROM AUTHOR]

Lesson 2:

Principle:

- Understanding your money habitudes

Reference:

Grinstein-Weiss, M., Spader, J. S., Yeo, Y. H., Key, C. C., & Freeze, E. B. (2012). Loan Performance among Low-Income Households: Does Prior Parental Teaching of Money Management Matter?. *Social Work Research*, 36(4), 257-270. doi:10.1093/swr/svs016

Abstract:

Financial literacy and financial education play a central role in asset accumulation, shaping individuals' attitudes, behaviors, and decisions in ways that, ultimately, affect their financial and social well-being. The acquisition of financial skills begins with parental teaching and role modeling, which provides children with their first exposure to concepts of saving and **money** management. Because such parental instruction is crucial to children's later financial outcomes, children whose parents lack basic financial literacy may be further disadvantaged by the absence of financial instruction at home. This study uses a sample of low- and moderate-income homeowners to test the hypothesis that parental teaching of **money** management influences children's asset-building outcomes in adulthood. The empirical analysis examines the likelihood of delinquency and default among low- and moderate-income homeowners with mortgages purchased through the Community Advantage Program. The results are consistent with a long-term impact of parental teaching on children's later asset outcomes: greater parental teaching is found to be associated with reduced loan delinquency and foreclosure. Implications for intervention programs to close the financial literacy gap are discussed. [ABSTRACT FROM AUTHOR]

Principle:

- Your habitudes tend to reflect your own characteristics. Others see you differently depending on your spending habitudes.
- People have dominant habitudes.

Reference:

Davey, J., & George, C. (2011). Personality and Finance: The Effects of Personality on Financial Attitudes and Behaviour. International Journal Of Interdisciplinary Social Sciences, 5(9), 275-294.

Abstract:

Personality has been found to be associated with **attitudes** and behaviours in general but limited research has focused on finances. Conscientiousness and extraversion have been shown to affect saving and borrowing behaviours but minimal attention has been paid to how personality affects broader **financial** matters. This study attempts to rectify this. Utilising a survey, personality profiles and **financial habits** were established for 269 participants aged from 16 to 71 years, of whom 46.1% were male. In line with expectations, the results indicated conscientiousness and locus of control to have a profound impact on both **financial attitudes** and behaviours. Agreeableness, openness, and neuroticism were also found to be important whilst extraversion was shown to impact on regular saving patterns. These results supported the hypothesis that personality has a profound effect upon **financial** matters. [ABSTRACT FROM AUTHOR]

Principle:

- The habitudes a person has toward money influences what they do with their money.

Reference:

CHIEN-WEN, L. (2010). How financial attitudes and practices influence the impulsive buying behavior of college and university students. *Social Behavior & Personality: An International Journal*, 38(3), 373-380.

Abstract:

Impulsive buying behavior has been the subject of a large amount of empirical research, but little research exists that actually examines the significant predictors of impulsive buying behaviors in adolescents. The purpose of this study was to investigate the attitudes of adolescents towards credit and **money** and the personal financial **planning** practices they follow, and to examine how these attitudes and practices influenced their impulsive buying behavior. Data were collected from 906 adolescent Taiwanese college and university students. A logistic regression model was used to identify which students were more likely and which were less likely to make impulsive purchases. The significant predictors were the following 8 variables: gender, age, having taken a course in personal finance, use of **money** as a reward, family of origin, affective credit attitude, cognitive credit attitude, behavioral credit attitude, and **money** attitude. [ABSTRACT FROM AUTHOR]

Principle:

- Thinking about one's combination of habitudes and how they are working for them.
- Asking oneself the question "Would I benefit from using any habitude more or less?"

Reference:

Dunn, E. W., Gilbert, D. T., & Wilson, T. D. (2011). If money doesn't make you happy, then you probably aren't spending it right. *Journal Of Consumer Psychology (Elsevier Science)*, 21(2), 115-125. doi:10.1016/jcps.2011.02.002

Abstract:

Abstract: The relationship between **money** and happiness is surprisingly weak, which may stem in part from the way people **spend** it. Drawing on empirical research, we propose eight principles designed to help consumers get more happiness for their **money**. Specifically, we suggest that consumers should (1) buy more experiences and fewer material goods; (2) use their **money** to benefit others rather than themselves; (3) buy many small pleasures rather than fewer large ones; (4) eschew extended warranties and other forms of overpriced insurance; (5) delay consumption; (6) consider **how** peripheral features of their purchases may affect their day-to-day lives; (7) beware of comparison shopping; and (8) pay close attention to the happiness of others. [Copyright &y& Elsevier]

Principle:

- Talking about the "Giving" habitude and it's advantages.

Reference:

Geenen, N. Y., Hoheluchter, M., Langholf, V., & Walther, E. (2014). The beneficial effects of prosocial spending on happiness: work hard, make money, and spend it on others?. *Journal Of Positive Psychology*, 9(3), 204-208. doi:10.1080/17439760.2014.891154

Abstract:

Previous research has shown that the way people **spend** their **money** is as important to happiness as **how** much **money** people earn. Specifically, it has been shown that spending **money** on others contributes more to an individual's happiness than spending **money** on oneself. In the present study, we investigated this effect and examined the role of the **money**'s origin. Students were randomly assigned either to **spend** a small amount of **money** on themselves or to **spend** the **money** on others. Moreover, half of the participants received the **money** as a wage, whereas the other half received the **money** as a windfall. The results replicated previous research indicating that prosocial spenders report greater happiness than do selfish spenders. However, the happiness effect was unaffected by the source of the **money** (i.e. wage vs. windfall). Implications for well-being and happiness are discussed. [ABSTRACT FROM PUBLISHER]

Principle:

- Talking about the "Status", "Spontaneous", and "Carefree" habitudes with their advantages and challenges.

Reference:

Blaszczynski, A., & Nower, L. (2010). Instrumental tool or drug: Relationship between attitudes to money and problem gambling. *Addiction Research & Theory*, 18(6), 681-691. doi:10.3109/16066351003786752

Abstract:

Few studies have explored gamblers' **attitudes towards money** despite the central role **money** plays in the development and maintenance of problem gambling (PG) behaviours. This study explored attitudinal differences **towards money** among subgroups of electronic gaming machine players (n = 127) using the framework advanced by Lea and Webley 2006. **Money** as tool, **money** as drug: The biological psychology of a strong incentive. Behavioral and Brain Sciences 29:161-209]: the Tool Theory, in which **money** functions instrumentally as a means of obtaining certain commodities, and the Drug Theory, in which **money** is considered to exert action at a neurochemical level to produce reinforcing effects similar to drug use. Findings provided preliminary support for the Drug Theory in PG. In contrast to non-problem gamblers, problem gamblers reported significant obsessions with **money** as an important indicator of prestige, power and means of acquiring wealth. At the same time, however, problem gamblers endorsed high levels of anxiety over **money**, both in regard to worrying about **money** and viewing **money** as a way to reduce anxiety. The study also provided limited support for the hypothesis that non-problem gamblers were more likely to gamble to combat perceived inadequacy in providing for their families (i.e. Tool Theory), although differences in univariate analyses were not sustained in logistic regression analyses. [ABSTRACT FROM AUTHOR]

Lesson 3:

Principle:

- Your money habitude affects your relationships.

- Financial stress can cause conflict.

Reference:

Kenel, M. E. (2010). FINANCIAL STRESS. *Human Development*, 31(1), 14-21.

Abstract:

The article focuses on financial stress and its effect to American people. It states that during the 2008-2009 economic recessions, majority of Americans particularly women suffer from stress-related physical symptoms. It cites that the recession causes a lot of people to have depressive symptoms and mood disorders which causes them to turn to addictive behaviors such as alcohol abuse and gambling. It mentions that it is important to control **spending habits** to avoid financial stress.

Principle:

- Your money habitude affects your relationships.

Reference:

Jiang, Y., Chen, Z, & Jr.Wyer, R. S. (2014). Impact of money on emotional expression. *Journal Of Experimental Social Psychology*, 55228-233. doi:10.1016/j.jesp.2014.07.013

Abstract:

Activating the concept of **money** can influence people's own expressions of emotion as well as their reactions to the emotional expressions of others. Thinking about **money** increases individuals' disposition to perceive themselves in a business-like **relationship** with others in which transactions are based on objective criteria and the expression of emotion is considered inappropriate. Therefore, these individuals express less emotion in public and expect others to do likewise. Six experiments show that subtle reminders of **money** lead people to have more negative attitudes toward expressing emotions in public and to avoid expressing emotion in their written communications. In addition, **money**-primed participants judge others' emotions to be more extreme and are disposed to avoid interacting with persons who display these emotions, especially when participants believe that these emotions are expressed in public. [ABSTRACT FROM AUTHOR]

Principle:

- Your money habitude affects your relationships.
- Financial issues are one of the most common sources of conflict between individuals and among families.
- Importance of knowing a potential romantic partner's money habitudes before becoming involved.

Reference:

Atwood, J. D. (2012). Couples and Money: The Last Taboo. *American Journal Of Family Therapy*, 40(1), 1-19. doi:10.1080/01926187.2011.600674

Abstract:

Many Americans are unemployed—13.7 million to be exact. Couples are thrown into financial crisis when their jobs are threatened or lost. Speaking about **money** in **marriage** is the last taboo. Couples would prefer to talk about sex or infidelities rather than how they handle family finances or how much **money** they earn. The purpose of this article is to explore the role of **money** in relationships. This article is one of several relating to this topic. Historical aspects of **attitudes** about **money** in **marriage** are first explored. The next section, **money** and childhood, presents material that relates adult **attitudes** concerning **money** to childhood definitions that existed in the family and the social culture. Gender differences are crucial to explore in a relationship regarding the meaning of **money**, and they are presented within a consideration of the social context of **marriage**, along with the socially constructed roles in **marriage**. Next, different marital styles regarding **money** are explored. Current research regarding couples and **money** is presented throughout the article, indicating the general economic trends in **marriage** and the resultant effects on the couple's definitions of the meaning of **money** and the consequential couple behavior. Therapeutic suggestions as well as specific interventions are considered throughout. [ABSTRACT FROM PUBLISHER]

Principle:

- “Goal-setting helps you identify what you want to achieve or obtain in life”.
- Goals help one be more successful.

Reference:

Poynton, T. A., Lapan, R. T., & Marcotte, A. M. (2015). Financial Planning Strategies of High School Seniors: Removing Barriers to Career Success. *Career Development Quarterly*, 63(1), 57-73. doi:10.1002/j.2161-0045.2015.00095.x

Abstract:

This study explored the postsecondary financial **planning** of graduating 12th graders as a barrier to educational and career decision making and **success**. Seniors **planning** on pursuing postsecondary education (N = 744) from 16 high schools completed an online survey measuring their plans for financing their postsecondary education. They also provided information regarding their academic achievement, motivation, certainty, and postsecondary goals and plans. Students clustered into 4 distinct financial **planning** strategy groups. These financial **planning** lusters were evident across a diverse sample of high schools. Almost half of all graduating 12th graders had limited financial **planning** strategies. Groupings and strategies employed by students were significantly related to career development theory and research. The critical role for career development services in promoting student **success** is discussed. [ABSTRACT FROM AUTHOR]

Principle:

- Creating SMART goals and exploring resources for continuing education and goal development.

- Setting goals influences success in the future.
- "SMART goals help you devise a plan for reaching your goals and making better decisions".

Reference:

Iselin, A. R., Mulvey, E. P., Loughran, T. A., Chung, H. L., & Schubert, C. A. (2012). A longitudinal examination of serious adolescent offenders' perceptions of chances for success and engagement in behaviors accomplishing goals. *Journal of Abnormal Child Psychology, 40*(2), 237-49. doi:http://dx.doi.org/10.1007/s10802-011-9561-z

Abstract:

We examined antisocial adolescents' perceptions of the importance of and their ability to accomplish positive life outcomes (e.g., employment) and avoid negative ones (e.g., arrests) during their transition from adolescence to young adulthood. Participants were 1,354 adolescents from the Pathways to Desistance project, a multisite longitudinal study of seriously antisocial adolescents. Participants' perceptions of the importance and likelihood of accomplishing positive adult goals at one age uniquely predicted how often they engaged in behaviors that were consistent with these goals the following year. Our findings suggest that among serious adolescent offenders aspirations to achieve positive goals are related to engaging in behaviors that bring adolescents' current selves more in line with their aspired-to future selves. We discuss the implications of these findings for prevention and intervention efforts.