

Spent

A hand is shown holding a bunch of colorful shopping bags (blue, green, orange, red, yellow) by their handles. Another hand is using orange-handled scissors to cut the handles of the bags. The background is white.

BREAK THE BUYING OBSESSION *and*
DISCOVER YOUR TRUE WORTH

SALLY PALAIAN, PH.D.

Spent

*Break the Buying Obsession and
Discover Your True Worth*



Sally Palaian, Ph.D.

Hazelden®

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Printed in the United States of America

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Library of Congress Cataloging-in-Publication Data
Palaian, Sally, 1958-

Spent : break the buying obsession and discover your true worth / Sally Palaian.
p. cm.

Includes bibliographical references.

ISBN 978-1-59285-699-2 (softcover)

1. Compulsive shopping. 2. Shopping—Psychological aspects. I. Title.
RC569.5.S56P35 2009
616.85'84—dc22

2009002470

Editor's note

Most of the stories in this book are based on actual events. The names and details may have been changed to protect the privacy of those mentioned in this publication. In some cases, composites have been created.

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13 12 11 10 09 1 2 3 4 5 6

Cover design by Theresa Gedig
Interior design and typesetting by Kinne Design



*For my parents, who taught me that even though
money comes and money goes,
love, laughter, and family last forever.*

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❖ Author's Note ❖

As this book goes to press, the world is in economic turmoil. Banks have changed their lending practices and credit has become more difficult to obtain for both individuals and businesses. Economists are forecasting that things may not improve for an indefinite period of time. Now, as a society, our challenge is to learn about our relationship with money so we can find the balance between financial survival and personal fulfillment. That's the message of this book, and it will be as timely in a prosperous economy as it is today.

In good times or bad, money issues can wreak havoc in our lives. My hope is that readers of this book will use it to begin a journey of self-discovery about the meaning of money in their lives. For those willing to embark on this uncommon path, there is hope and serenity.

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❖ Acknowledgments ❖

Writing this book has taught me that hope and goodness lurk behind every mysterious corner. Wherever I turn, there are always generous and loving people. I would like to thank the following people.

First, my friends Eleanor Payson and Nancy Sparrow, for challenging me to teach and write about money dynamics; without them, I would be happily minding my own business.

Eleanor Payson and Linda Moody, for their unceasing support throughout the writing of this book and for gently nudging me to push through my avoidant and evasive antics.

Betsy Breckels Fortuna, for unconditional friendship and constructive feedback on this manuscript, and Clem Fortuna, for singing “The Impossible Dream” to us when we climbed out of the Grand Canyon.

Joe Kort, for humor, love, and writerly inspiration.

My very caring and generous siblings—Eve and Gary Ezmerlian, Carol and Steve Palaian, Terry and Chuck Palaian, and Laurie and Keith Neher. A special thanks to Lud for joyful playfulness always, and to Helen Kalayjian for tenderhearted, gentle support of my every endeavor.

My mentors Diane Blau, Barb Shumard, and Joy Messick, for seeing me, loving me, and encouraging my adventures. Thanks also to my colleagues and friends who helped me to live and develop the ideas in this book: Dave Balekdjian, Eileen Freedland, Connie Haley, Jane Libby, Jacqueline Polefka, Paul Duskey, Rena Seltzer, Joi Sherman, and Harry Taylor.

Ashlee Roberson, for her efficiency and ability to decipher my handwriting. Jeanne Ballew and Maureen Buchanan Jones, who helped shape early phases of this manuscript.

Thanks to Pat Schneider: lover of spunk, nurturer of souls, and cultivator of writers. Thanks to Cindy Barrilleaux, wordsmith and believer in this book, for not letting me collapse all those times I was exasperated.

Thanks to the staff at Hazelden—solid, good people who do important work.

❖ Acknowledgments

Thanks to Vince Hyman, genius editor, miracle worker par excellence, kind soul, for asking important questions and working so darn hard to shape this book.

Thanks to my clients, who inspire me with hope and courage.

And to my partner, Gary Haelewyn, for bringing me childlike wonder and adventure, and for teaching me that love is the only treasure worth seeking.

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Money:
A Complicated Problem



A Prevalent Problem

Eric had already moved out of the house when he arrived at my office with his wife, Susan. He was quiet at first, seething with anger. When he spoke, his first words to Susan were loud ones: “I don’t care why you do it. I can’t take it anymore.”

Unable to raise her head, and twirling a tissue between her fingers, she replied, “I know it’s my fault. I don’t even know why I do it.” He had dragged her to therapy because he was tired of her dramatic excuses, and he was done paying for her spending habit.

Eric had bailed Susan out of debt three times over the course of their twenty-four-year marriage. This time it was for \$67,000, the most ever. He found out by accident when her sister mentioned the credit card bill. Susan had been using her sister’s address to receive credit card statements. Tired of the lies, and unsure about where he would get the money, Eric was furious.

Susan was trapped: she had to either get help to stop spending or lose her marriage. She had spent years staving off this dreaded day.

Susan began attending therapy to try to understand why she was so troubled. In therapy, she looked at her lifelong pattern and realized that she had always wanted to fit in. In third grade, she used her allowance to buy candy for her friends. As a teenager, she wore her mother’s jewelry to school so she could impress her classmates. When her grandparents gave her birthday money, she spent it immediately on makeup or clothes for herself or gifts for her friends.

She recalled that her parents frequently argued about money. Her father was strict with money and often reminded the family of what he provided.

Even though her mother was practical about money, she was unable to convince her father to loosen up. Susan bypassed these fights by working at a bakery to pay for her own stylish clothes.

In college, she discovered credit cards. A local bank had set up a booth in the student lounge. She decided to apply. With credit cards, she was finally free from her father. She could buy what she wanted. In the first summer of college, she went to a rock concert in another state with her friends. She charged her meals and the gas when it was her turn to pay. She figured it wasn't a big deal; she could pay the minimum on the credit card, and she'd catch up during the school year when her dad was giving her money again. By the time she graduated, she had accumulated \$9,000 on two credit cards. She thought it would be easy to pay off once she was employed professionally.

In therapy, Eric reminded Susan that she had never been totally truthful with him about her problems with money. When he looked back, he remembered that something wasn't right early on. Susan blew up and refused to talk about money during premarital counseling with the priest. Eventually, the priest's presence wore on her conscience, and she decided to tell Eric about her debt. She confessed to \$8,000 on her credit cards, when actually the number was closer to \$18,000. As one would expect, Eric was angry about the secret. Susan cried and explained that some of it came from extra expenses for the upcoming wedding. She promised to pay it off before they were married. He decided not to make an issue of it—after all, he loved her.

Susan admitted in therapy that even from the beginning she hid packages from Eric, removed price tags from new purchases, and told him things weren't new when they were. She had always secretly hoped that Eric, who was responsible about money, would help her control herself. Yet she had never told him the truth.

Susan was lucky that her husband challenged her to change. Desperate, she turned to the practical and psychological tools outlined in this book. In therapy, she took guidance and learned how to survive without credit cards. By keeping track of her purchases, she learned to be conscious about her spending. This discipline enabled her to develop a spending plan tailor-made for her lifestyle. Since then, Susan has created a vision of her dream life, and now she has the tools to accomplish her dreams. She's no longer reliant on material expressions to prove that she fits in. She's learned that her intrinsic

value as a person resides inside, not in outer appearances. Most important, because she has clarity about her spending, she no longer needs to deceive herself or others.

A Cultural Problem

Susan is not unusual. She developed this problem because she lives in a culture that teaches outer appearances and material acquisitions can soothe psychological problems and enhance self-worth. Like Susan, most of us believe that others will accept us and think more highly of us if we have more stuff, or fancy stuff, or the latest stuff. Our psyches are marinated in promises of status and esteem gained through material possessions.

Large corporations implement highly sophisticated advertising campaigns convincing you that their products are necessary and will help you solve your problems. They first remind you of your human fallibility and personal insecurities, and then promise you redemption from your feelings of inadequacy or shame. Advertisements instill hope to achieve psychological states of being—like happiness, popularity, inner peace, sex appeal, and superiority to others—through particular products.



LARGE CORPORATIONS IMPLEMENT HIGHLY SOPHISTICATED
ADVERTISING CAMPAIGNS CONVINCING YOU THAT THEIR PRODUCTS
ARE NECESSARY AND WILL HELP YOU SOLVE YOUR PROBLEMS.

Advertisers have studied your desires since you were a child, striving to gain brand or product loyalty from you. They have manipulated your desires by subtly and precisely targeting your fantasies. According to some sources, each day the average person is bombarded with an average of three thousand advertisements.¹ Each message is designed to influence and shape your values and preferences. These marketing techniques have taught you to over-identify with image and material possessions. Whereas people once thought, “I am what I *do*,” they now believe, “I am what I *buy*.”²

This is further complicated because we also live in a culture accustomed to using credit. Until the economic crisis of fall 2008, credit had become increasingly easy for everyone to acquire, and easy credit allows you to buy whatever your credit limit will allow. You can buy things without waiting until you have the money to buy them. Credit is instant and it’s convenient. You

can spend money without thinking whether you really need the item or even if you actually like it. Most important, you don't have to reflect on whether you can afford it, and often people don't reflect. Except in times of extreme economic turmoil, such as the 2008 recession, there are few barriers to credit in modern society because after the credit cards, there are home equity credit lines and refinancing.

Our media raised the bar for what is considered *average* or *normal* because they portray rich and lavish lifestyles as both desirable and within reach. Only a few generations ago, living within one's means in a paid-for modest home was an honorable achievement and a sign of success. However, modern cultural messages now convince you that you are inadequate if your possessions are merely *average*.

Technological advancements have altered our definition of *normal*. Everyone now expects new, newer, and newest when it comes to electronics. People believe they are missing out on life if they haven't upgraded to the latest flat screen TV, iPod, cell phone, camera, and so on. Perfectly functional items are quickly replaced with newer versions. With instant credit approval and instant financing, you can walk out of a car dealership with a new vehicle in a few hours. Even these major purchases are made without forethought or a budget. For the impulsive buyer, this dangerous system results in large car payments and financial self-destruction. Easy credit, offered under the guise of convenience, leads to overconsumption.



WE HAVE MANY CULTURAL FORCES AT PLAY THAT ENCOURAGE US TO
SPEND OUR MONEY, BUT WE HAVE FEW SKILLS TO MANAGE OUR MONEY.
THE FINANCIAL PLANNING INDUSTRY CALLS THIS *FINANCIAL ILLITERACY*.

The sheer multitude of product choices in the American marketplace influences financial behavior. No longer do we choose between Keds and Converse when we need athletic shoes. Now we have many companies producing different shoes for specific uses—running, tennis, walking, indoor, hiking, and trail running, to name a few. Consumers are confused and overwhelmed by unending choices. With so many options to choose from, we believe we should be able to select and own the best of everything. Some people end up unsatisfied, always wondering if they made the right choice. These unlimited options lead to increased comparison with others, regret, and even unhappiness.³

THE TERMS I USE

Discussion about money problems is not new. However, the exploration of money use as a disorder, especially the possibility that money behaviors may be addictive, is new. I believe that money behaviors become addictive—deeply damaging and progressive—for some people. For many more, the problems remain deep and static or cyclical.

We tend to think of only two stereotyped problems related to money—the compulsive spender, shopping himself into ever-deeper debt, or the miserly hoarder, clinging to every penny while her children wear worn clothes.

But in real life, money problems are more complex and are expressed in many ways. For this reason, in this book I have chosen to use the phrase *people with money problems and money addiction* when referring to the cluster of behaviors that are symptoms of a problematic relationship with money. For convenience, I often use the phrase *problem users and money addicts* to describe these individuals.

In the course of this book, you will learn more about the types of money problems, how they can spiral into addiction, and how to recover from them.



We have many cultural forces at play that encourage us to spend our money, but we have few skills to manage our money. The financial planning industry calls this *financial illiteracy*. Research has revealed the obvious: Americans don't understand basic economic concepts and lack money management skills. This is troublesome, because money skills are increasingly complex. We rarely use tangible currency (cash) to fund our lives. We barely come into contact with real money because we have direct deposit of paychecks, online banking, and the use of plastic cards for payment. Because money is intangible, we don't witness how it flows into our lives as income and then flows out to pay for necessary expenses. Thus, concepts such as cash flow and budgeting are completely lost. Future-oriented financial skills like saving for retirement and investment decisions are out of range for an impulsive and financially illiterate society. Financial planners attempt to educate us by offering financial products and possibilities, but these complicated products can't help a person who doesn't understand how to prepare a simple budget.

Lack of financial education, coupled with the complexity of modern financial survival, is a fast formula for growing financial dysfunctions—a breeding ground for problems with money, spending, and self-control. It's no surprise that so many people have so much trouble with money management.

No wonder money problems are so prevalent in our culture.

How This Book Will Help

This book will help you understand your relationship with money. You will learn about many types of people with money troubles: people who spend too much (compulsive spenders), people who avoid money (money averters), and people who hoard money (hoarders). Some people have more serious problems than others. Some are slightly abnormal in their relationships to money, some have recurring but manageable problems, and others have severe and progressive—even addictive—problems. This book can help you regardless of your particular problem and regardless of the seriousness of your situation.

This book will help you understand *why* you do what you do and will outline tools for permanent change. If you tend to indulge yourself with money and material goods, you'll learn how to discipline yourself to live within your means. If you tend to deprive yourself (or others) or avoid money matters, this book will help you understand how to relate rationally to money. When you disentangle from materialistic avoidance or obsessions and preoccupations, you'll learn that money does not define you or bring you self-worth. You'll see that money is merely an instrument, a tool of exchange. The techniques in this book will enable you to use money in ways that are congruent with your values. You won't want to waste money because you'll want to spend it on things really important to you. Despite the culture around you and despite your family upbringing, you will learn to have your own healthy relationship with money.



WHEN YOU DISENTANGLE FROM MATERIALISTIC AVOIDANCE
OR OBSESSIONS AND PREOCCUPATIONS, YOU'LL LEARN THAT MONEY
DOES NOT DEFINE YOU OR BRING YOU SELF-WORTH.

This book is divided into two parts. The first part will help you understand the ways in which money behaviors can be addictive, the emotional sources of money troubles, types of money problems, and their effect on relationships. The second part will show you how to put together and follow a plan to recover from your money problems or money addiction.

In chapter 2, we will use two models of alcohol addiction to demonstrate how money problems can grow into an addiction. We'll look at the range, from healthy to problematic to outright addictive money behaviors. We'll also take

a look at how other psychological problems, like depression, attention deficit/hyperactivity disorder (ADHD), and compulsive gambling, influence money behaviors.

In chapter 3, we'll explore the emotional roots of your current behavior with money. As we explore a multitude of life experiences (from childhood influences to generational trends), you'll begin to understand how complex our relationship with money really is.

Chapter 4 will outline the many different faces of problematic money behavior. We'll introduce you to the Money Problems Matrix, which centers around four quadrants of dysfunctional money behavior (spending, financial dependence, hoarding, and financial underachievement). Even if your problems are not severe, you'll probably recognize something of yourself and your loved ones in this analysis: some people deprive themselves of material pleasures, and some indulge themselves; some people obsess about money management, and others avoid it.

Chapter 5 will take a look at the very complicated role of money in relationships. You'll be introduced to the various ways in which people with different money styles relate to each other. You'll see how two indulgers relate to each other, how a depriver and an indulger relate, and how a healthy money manager relates to a troubled money manager.

The second part of the book will provide you with tools to change your life. Beginning with chapter 6, you'll take stock of your situation. Through a series of questionnaires, you'll be encouraged to reflect on your circumstances. These questions help you examine your current money behaviors and how your past influences them.

Chapter 7 will offer beginning money management tools. This chapter will help you experiment with new behaviors in order to start the change process. You will learn to stop using credit cards, to organize your financial papers, and to keep track of all your spending.

Chapter 8 will offer more in-depth financial planning skills, such as creating your life vision and making a spending plan. You'll be taught practical methods for handling your cash flow, paying off your debts, and developing savings. You'll finally be able to successfully implement a spending plan or budget. If you have had a tendency to deprive or hoard, you'll learn the importance of setting a plan and spending *up* to it.

Chapter 9 will aim to keep you motivated and will teach you how to change your thinking, feelings, and actions. You'll learn to identify conditions that trigger you and techniques for tackling self-destructive behaviors.

Finally, chapter 10 will allow you to see the myriad possibilities of self-worth and abundance once you are free of the negative behaviors and beliefs that connect self-worth to money. You now have tools for living in balance with money, finding authentic means to happiness and self-expression, and creating a unique lifestyle for yourself.

Whatever your relationship with money, it's possible to find freedom and peace of mind about it. This change requires effort on your part, but if you make the small gradual changes suggested in this book, it's impossible to fail. The Sufis have a saying: "Trust in God, but tie your camel." This book offers you the rope to secure your camel so it will be there when you need it to take you places. You'll learn to pay enough attention to your finances so you can live your life joyously. You'll discover how to shape a satisfying, meaningful life that is filled with inner riches. You'll discover greater connection to yourself and the world around you. You'll learn to appreciate that you *already* have enough and that you, yourself, have worth.

Come, join in.

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The Slippery Slope from Money Problems to Money Addiction

Popular media regularly report the grim facts about Americans' financial habits:

- Between 1989 and 2006, Americans' total credit card charges rose from about \$69 billion a year to more than \$1.8 trillion.¹
- Total U.S. consumer debt (credit card plus other nonmortgage debt) reached \$2.55 trillion at the end of 2007, up from \$2.42 trillion at the end of 2006.²
- From 2004 to 2006, Americans took out \$840 billion per year from their homes through sales, second mortgages, and home equity lines of credit.³
- The average student graduating from college has almost \$20,000 in debt; the average credit card debt for 25- to 34-year-olds has increased 47 percent between 1989 and 2004. Nearly 20 percent of young people aged 18 to 24 are in "debt hardship," up from 12 percent in 1989.⁴
- Young adults (ages 25 to 34) now spend nearly one-fourth of their income on debt payments.⁵
- More than 1.6 million Americans filed for bankruptcy in 2003, as opposed to about 926,600 in 1995 and just under 570,000 in 1987.⁶
- Home foreclosures and late payments set records over the first three months of 2008 and are expected to keep rising. The percentage of mortgages that started the foreclosure process climbed to 6.3 percent

Spent



Today, Americans are saving less, carrying larger debt loads, losing their homes to foreclosure, and filing bankruptcy in record numbers. People are spending more than they can afford, and many feel guilty, anxious, and overwhelmed as a result.

Moving beyond the advice of financial planners who only treat the symptoms of overspending, Sally Palaian offers proven plans for taking on a range of issues with money by examining the underlying emotional, familial, and societal factors that trigger spending behaviors.

Spent teaches readers to control shopping, pay off debt, develop budgets, and become financially competent through

- Easy-to-use assessment tools and worksheets designed to pinpoint the severity of a problem
- Questionnaires that facilitate the exploration of the root causes of unhealthy financial behaviors
- User-friendly exercises created to influence change from within

Palaian's system for financial recovery is designed to not only help excessive spenders overcome their spending habits, but also to help hoarders, financial codependents, and underachievers let go of fears, take responsibility for their actions, and break unhealthy cycles. *Spent* empowers people in every financial predicament to disentangle their financial messes to achieve lasting, positive change and a healthy view of their true value in life.

Cover design: Theresa Jaeger Gedig

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Sally Palaian, Ph.D., is a licensed clinical psychologist specializing in the treatment of addictive behaviors. She has spoken about the treatment of financial disorders for various therapy associations and has served as an expert in the media on mental disorders and spending. *Spent* is her first book.

