

# *The Nuts and Bolts* **of Money Mastery**

Understand Money Relationships and Revise Money Stories

David Krueger MD





## ***THE NUTS AND BOLTS OF MONEY MASTERY***

### ***Understand Money Relationships and Revise Money Stories***

#### ***Seminar Series Outline***

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### ***Seminar I. YOUR MONEY STORY***

[Workbook: Introduction + Your Money Story]

#### ***I. Your Money Story***

- A. The Longest Relationship of Your Life
- B. Two Questions:
  - 1. What's your money story?
  - 2. What would you ideally like your money story to be?
- C. What is a Money Story?
  - 1. Not: your income, expenses, assets, debt, or net worth.
  - 2. Is: your relationship with money
- D. We Speak With Money
  - 1. Straightforward
  - 2. As a tool
  - 3. As a self-statement
- E. We Use Money in Self-talk
  - 1. External dialogues
  - 2. Internal dialogues
- F. Money Speaks to Us
- G. A Money Quiz
  - 1. My current annual income is \_\_\_\_\_?

2. In order to insure happiness and contentment financially, with no more money problems and worries, my annual income would need to be \_\_\_\_\_.
3. What does money mean to me? (One word)

#### H. Money Equations

##### I. Why Do We Make These Money Errors?

The more we give money meaning, the more we lose focus on what money means.

##### J. Money Has Become More Abstract

And our direct relationship with it fades.

## ***II. Mind Matters and Brain Business***

#### A. Why Do We Resist Change?

1. Part of the answer to why we resist change is in our minds.
2. And part of the answer to why change is difficult is in our brains.

#### B. How Do We Get Our Brains to Work With Us in Creating Money Stories?

***Emotional Economics***<sup>™</sup> is the study of the interactions of mind and brain impacting money behavior and financial decisions.

## ***ROADMAP FOR A NEW MONEY STORY®***

***Recognize authorship.*** You are writing your money story: from assumptions to every choice about earning, spending and saving.

***Own your story:*** accountability is a prerequisite to change.

***Assess plot and storylines.*** Recognize the behaviors, hidden messages, and elusive language of mind and emotion.

***Decide what to change:*** Make informed choices about what story components to keep, let go, change, and enhance.

***Map changes.*** Goals and success strategies.

***Author new experiences.*** Create the new money story you desire.

***Program new identity.*** Incorporate and sustain the changes by a corresponding internal growth.

## **Seminar II. TRANSLATE MONEY MEANINGS**

[Workbook: Steps 1-3. Recognize, Own, and Assess Your Money Story]

### **STEP 1. RECOGNIZE AUTHORSHIP OF YOUR MONEY STORY**

- A. Four Principles in Recognizing Authorship
  1. Our experiences are always consistent with our assumptions.
  2. We don't see things as they are; we see things as we are.
  3. A new story can only occur by living in the present moment.
  4. Our minds seek closure and infer causality, accurate or not.

### **STEP 2. OWN YOUR MONEY STORY**

- A. Beliefs → Behavior → Performance
- B. Point of Reference
- C. Recognize Active vs. Passive Positions

### **STEP 3. ASSESS YOUR MONEY STORY PLOT AND STORYLINES**

- A. Distinguish and Address Needs and Ideals
- B. Comfort Zones
- C. Break out of your Comfort Zone
- D. Understand Conflicted and Contradictory Storylines
- E. Ongoing Assessment Process
  1. Monitor your choices
  2. Question your ideas
  3. Probe your reasoning
  4. Ask clearly and honestly: Does it work?
- F. Creating a New Belief

## ***Seminar III. WRITE NEW SOFTWARE***

[Workbook: Steps 4 and 5. Decide What to Change + Map Changes]

### ***STEP 4: DECIDE WHAT TO CHANGE IN YOUR MONEY STORY***

#### A. Choice

1. Event + Response = Outcome
2. Choice is part of a mindset.
3. The absence of the awareness of choice limits possibility.

#### B. Obstacles and Desires

1. What you seek is camouflaged in what you fear.
2. An obstacle is the unconscious mnemonic of desire
3. Overcoming financial obstacles

#### C. What Neuroscience Teaches Us About Mentoring and Change:

1. People have prior knowledge that affects how they hear and respond to new information.
2. The prior knowledge is physical, real, and persistent as a neuronal pathway in the brain.

#### D. How The Brain Opposes Change

1. Change generates discomfort
2. Change creates dissonance
3. The brain is a prediction machine
4. Behavioral reinforcements can backfire
5. Motivation is not essential
6. Emotions change brain functioning
7. Stimulation and performance
8. Closure to novelty
9. Neurogenesis: the creation of new brain cells.
10. Neuroplasticity: the brain remodels itself

## **STEP 5. MAP CHANGES**

- A. Six Crucial Elements to Map Change.
  - 1. Regulate states of mind
  - 2. The power is in the focus
  - 3. Visualize changes
  - 4. Insight changes the brain
  - 5. Take action.
  - 6. Transform identity
- B. Your Debt Story
  - 1. Debt cycle stealth
  - 2. Abstraction of money + debt
  - 3. Segmenting spending
  - 4. Decoupling buying and paying
- C. Build Plan and Pleasure Into Saving
  - 1. Visualize specifically what you save for
  - 2. Tangibly calculate the cost of debt
  - 3. The magic of compound interest
  - 4. Automatic savings deductions



## ***Seminar IV. REWIRE FOR WEALTH***

[Workbook: Steps 6 and 7. Author New Experiences and Program New Identity]

### ***STEP 6. AUTHOR NEW EXPERIENCE***

- A. The Dynamics of Change
  1. Initially: excitement
  2. Uncertainty: anxiety
  3. Expansion.
  4. Finally: mastery
- B. Two Seemingly Paradoxical Components of Change
  1. Every step forward means relinquishing a past position.
  2. Learning something new and creating change=an injury to self-esteem.
- C. The Process of Change
  1. The myth: there is a perfect choice.
  2. The illusion: the perfect choice will solve all problems
  3. The disappointment: that nothing is perfect
  4. The development: accepting that no one is going to take care of you
  5. The growth: To take the next best action
  6. The consolidation: present effectiveness + mourning an old story
- D. Understand Emotional Couplings
  - What choices are worth making?
  - How much does each choice cost?
- E. Money Mistakes and Financial Fallacies

[Refer to Chart on next page of Outline]
- F. The AAA Principles of Change to Author a New Money Story:  
**Awareness. Acceptance. Action.**

You're writing your own story:

1. Is it working?
2. It takes just as much energy to create any belief in your story.
3. Decide what you want.
4. Do you have specific, measurable goals?
5. Small changes lead to big changes.
6. Be consistent in the pursuit of your goals.
7. The benefit of doing more of what is working and less of what isn't working will become evident and self-perpetuating.
8. Ask for feedback.
9. Get success insurance.
10. Take a chance.
11. It's never too late to start.
12. Everything is OK in the end. If it's not OK, it's not the end.

## ***The ABC'S of Money Mistakes and Financial Fallacies***

### ***Affect (Emotional) Biases***

- Nostalgia Bias: Airbrushing memories by idealizing the past
- Invincibility Bias: a sense of invulnerability or immunity from usual problems
- Optimism Bias: search for a good story; underestimating risks
- Tilt: Emotionality hijacks usual reason and holds judgment hostage
- Emotional Valuation: a personal emotional meaning causes loss of objectivity
- Loss Aversion: an emotional decision made to minimize future regret
- Probability Blindness: the brain predicts based on repeating events

### ***Behavior Biases***

- Transference Fallacy: transferring regard or perception from a past situation onto a present one
- Spending Justification: creating a “just cause” to spend
- Spending Rationalization: creating a seemingly rational reason to spend
- Sunk Cost Fallacy – persisting in an unrewarding activity, because of what you’ve already spent/invested
- Pattern Bias: construct concurring facts into a single narrative; neurologically wired to look for patterns
- Status Quos Bias: Comfort zone tenacity; inertia

### ***Cognitive Biases***

- Diagnosis Bias: label, then seek data to confirm; blind to refuting data
- Confirmation Bias: distortion of available data to support preexisting beliefs
- Money Equations: individual emotional meanings and attributions
- Anchoring: tied emotionally and conceptually to an initial frame of reference
- Framing Decisions: money is treat differently based on context (found money, salary, savings)
- Extrapolation Errors: predicting the future based on the past
- Internal Bargaining: a self-deception that equates plan with action

### ***Social Biases***

- Affinity Bias: underestimate the risk of the things we like
- Value Attribution: we tend to imbue a person or thing with certain qualities based on initial perceived value
- Availability Bias: predict based on more emotionally recalled past similar situations
- Recency Effect: recent events overweighted because of more vivid recall
- Collective Tilt: herd mentality; group momentum

## **STEP 7. PROGRAM NEW IDENTITY TO INCORPORATE AND SUSTAIN THE CHANGES**

- A. Operating Systems
- B. Change and Transition
  - 1. Every transition begins with an ending.
  - 2. People in transition will create new ways to return to the old story.
  - 3. The new beginning involves changing how you see yourself—even aspects of your identity.
  - 4. Never underestimate the changeback pressure from the system.
- C. Regulating States of Mind
- D. The Neuroscience of Decision and Conflict
- E. Choice Enhancement
  - 1. Increased tension produces emotional regression
  - 2. Increased emotion narrows perspective
- F. Commitment Devices
- G. Most Frequent Mistakes Made in Writing a New Money Story
  - 1. Not knowing that you don't know.
  - 2. Stopping at the first right answer.
  - 3. Procrastination
  - 4. Inefficient energy management
  - 5. Ambiguity
  - 6. Too many choices
  - 7. Lack of persistence
  - 8. Not following success trails
  - 9. Believing it is unspiritual to make abundant money
- H. Visualization and Affirmations
  - 1. Repetition
  - 2. Specificity
  - 3. Incorporate it into your story

### I. Engineering Effectiveness

1. Make changes tangible and concrete
2. Make progress measurable
3. Make progress visible
4. Specify the next step