

Money and Happiness: AN INTERVIEW WITH DR. MOLLY STRANAHAN



what?

Follow Dr. Molly Stranahan's advice to let go of old beliefs about money that are impeding your happiness.

why?

Develop ways of looking at money that make you happier and help secure your future.

wow!

Align your money with your values, and help create the kind of world you want to see.

Molly Stranahan has traveled down a long road to arrive at her specialty: happiness. Molly studied economics in college and spent six years as a trust banker before deciding to go back to school to get a doctorate in psychology. Though she began doing stress reduction work, a confluence of events in her professional and personal lives got her thinking about happiness beyond stress reduction.

Now Molly, who considers herself a "happiness facilitator," works with clients around the country to help them make choices that lead to happier, healthier, and more fulfilling lives. Using a combination of cognitive-behavioral psychology, the wisdom of Twelve Step programs and various religious traditions, and extensive research, Molly encourages people to take control of their happiness.

She is a co-leader of the Summer Institute, a personal growth program for inheritors of financial wealth, and regularly speaks about happiness, money and life purpose, and relationships.

Real Money associate editor Sarah Tarver-Wahlquist sat down with Molly to talk about money and happiness, and how people can form a relationship with money that adds to, rather than hinders, their sense of fulfillment.

SARAH: What are the most common mistakes people make in thinking about money?

MOLLY: The most common mistake is believing that if they had more money, they would be happier and more secure. That mistaken belief is based on an underlying "error in thinking": that what happens to me and what I have is what makes me happy. The truth is that our happiness comes from what we tell ourselves about the things that happen to us, how we interpret events.

In recent years there has been a lot of research showing that the pleasure of a new acquisition quickly evaporates, but we succumb to the pervasive messages around us that another new thing will make us feel better. The belief that "If only I had _____, I would be happy" leads to much unhappiness, whether you fill in the blank with "a new car," "a bigger house," "the right job," "more money," or "a person to love me." Happiness is experienced in the moment, and comes from beliefs like "I have enough," and "I am enough."

So much of what really makes us happy isn't something we buy. What truly leads to happiness is loving and being loved, feeling connected to others, enjoying beauty in its many forms, and our ability to do something we think is important, so our life is meaningful.

SARAH: In fact, if we get ourselves into debt by spending in a search for happiness, we could make ourselves unhappy, right?

MOLLY: Yes. Stress interferes with happiness, so to the extent we create stress for ourselves around money, it leads to unhappiness. Those who buy stuff to make themselves happy (and a lot of us do—we call it "retail therapy"), and spend more than our budget can handle, create stress. Credit cards are a culprit here—they make it easy to spend more than you can afford. The pleasure of the new item lasts only a short time, but there is the long-term "price" to pay of keeping up with payments.

I have a friend whose husband doesn't make as much money as she thinks he should. She feels deprived because she has to work more hours than she would like to, and they can't afford things she would like to do like remodeling the kitchen. So she goes shopping. She buys "things for the kids," and "treats" herself to new clothes because it makes her feel better. But now they have debt and can only afford the minimum credit card payments, and the financial stress means they fight over how each spends every dollar because they are judging each other's decisions.

I make it a policy to only buy things on my credit card that I have the money to pay for in my checking or savings account. I "finance" my big purchases ahead of time by saving so the bank is paying me instead of using credit, which could double the cost of my purchase because the interest rates can be outrageous.

There are other ways we make ourselves unhappy over money. We confuse our salary with how we are valued, and so feel underpaid. A friend was complaining about her job, and how she really hates Mondays. When we explored it, she actually likes most aspects of her work. She just believes she ought to be paid more because she has friends who make more than she does. As we talked, she realized that those friends also work more hours and have more mandatory traveling, and she likes her freedom.

When you explore what is really true, you may discover the belief you hold that makes you unhappy isn't true. Then you can choose a different belief that makes you happier.

SARAH: You've written that the path to happiness involves letting go of the struggle to change and worry about things beyond our control. What is your advice for someone who worries a lot about money?

MOLLY: When worry is interfering with your

life, it is important to find out what you are afraid will happen, and then investigate alternatives you have for facing the situation. If you are awakened because bill collectors keep calling and you are about to have your car repossessed, it is time to consult a reputable credit counselor and figure out how to gain control of your debt and spending. Sometimes it is necessary to face reality and declare bankruptcy. Sometimes you can renegotiate with your creditors. In these cases, there is something you can do. Once you stop avoiding the truth and take action, the worry will be relieved.

Other people are awakened because they worry about paying for their children's college education ten years from now, or they worry they won't be able to afford retirement. For those worries, it is important to investigate what your true situation is and examine choices you have to deal with it. Set up savings accounts, maximize your contributions to your 401(k) retirement fund, ask well-off family members if they are willing to set up 529 college savings accounts for your children, investigate actual tuitions and scholarships. Sometimes we set up unrealistic expectations and then make ourselves miserable about not being able to reach them. You don't have to be able to pay for four years at Harvard for your child to get a good education, and you don't have to travel luxuriously to enjoy your retirement.

We make many errors about how much we need to be happy. I think of the financially successful couple working extreme hours to buy their dream vacation home. In the meantime, they missed many of their children's activities and felt financially stressed. When they looked at their goal—the relaxed family time a vacation home could provide—they realized they were sacrificing much more on a daily basis than the vacation home could ever provide, and they changed their goal and reduced their working hours and income. I am also reminded of a client who built his family's dream house—it is really big. However, now he finds that everyone is in their own section of the house, so his family rarely interacts anymore, and he actually misses his old house. Despite knowing this fact, his sister believes she can't be happy until she has a house as big as his.

SARAH: What do we do when we have to choose between security and true fulfillment? For instance, we sometimes get letters from readers saying things like: "I finally found a job of my dreams that fulfills my values. However, I can't afford to live on the salary. What should I do?"

MOLLY: Your readers might be making a common mistake in which we make things worse than they really are. They say they can't afford to live on the salary. For that to be really true (and

it is for too much of our population who make the minimum wage or can't find full-time jobs), it would mean they don't have enough money to buy food, rent a room at a boarding house, and buy clothing at a thrift shop. What most of us mean when we make that statement is, "I can't afford to live the way I would like to live." And this is based on a belief that a job should give us the ability to live in the lifestyle we expect. This may include going out to dinner with friends who have higher salaries and going on exciting vacations.

Jobs provide more than salaries. In addition to fitting with our values, jobs can provide interesting colleagues and the opportunity to do work that we know makes a difference in the world. Many nonprofits offer more flexibility around work schedules, including time to take a child to the doctor or go to a soccer game. We forget that there is often a trade-off between these types of benefits and salary. To be happy, let go of the expectation that your job should be perfect, and evaluate whether the fit works for you. If not, look for another job.

SARAH: In contrast to our common errors in thinking when it comes to money, do you think people can have a relationship with money that makes them happier?

MOLLY: Money can buy health care, but it can't buy health. Money can buy freedom from tasks you don't want to do, like clean your house or mow your lawn, but it doesn't necessarily buy you meaningful ways to spend that time you have freed. Money can buy you a house in a gated community, but it can't buy you the security of a community that cares about your welfare and will protect you at your time of need. Money can buy ease and pleasurable experiences, but that can feel empty without the feeling that your life makes a difference to others.

A great way to reduce stress and increase happiness is to live within your means and to save money. Beyond that, it is important to be aware of your values, and the way you want the world to be. Knowing that you care about the environment, or about keeping locally owned businesses around, or about supporting employers who believe in fairly compensating employees—whatever your basic values and vision are of how you want the world to be—it's important to be aware of that and bring your spending and investing choices into alignment with those values.

Living a life in accordance with your values brings people happiness. We all want to have meaning in our lives, and feel that we've made a difference. One way to give our lives meaning is to use our money, as well as our time and energy, to encourage the world we want to see. 🍀

For more information about Molly's work, visit her Web site at www.pathtohappiness.com.

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