

EPISODE 391

[SPONSOR MESSAGE]

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FT: My So Money team's recently become a fan of a company called Realty Shares that's disrupting the real estate finance industry with their crowd funding platform. Here are some investment advice brought to you by our April sponsor, Realtyshares.com. Haley from New York writes:

H: "How do I invest in real estate in California?"

FT: Well, Haley, one easy way to invest in any one of the 50 states is through a real estate crowd funding website. There are a few but realtyshares.com has the lowest investment minimums. Realty shares allows accredited investors to invest as little as \$5,000 per transaction in residential and commercial real estate projects across the US.

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[INTRODUCTION]

[0:01:42.0]

FT: Hey every one, welcome back to So Money. Today's guest is a financial therapist. I love me some financial therapy. I mean there are some brilliant people out there including Brad Klontz

and my guest today Amanda Clayman who have made a career out of being financial therapist. People who are experts when it comes to financial wellness.

Our guest today Amanda Clayman is a clinician specializing in financial issues and helps many people bring money into balance. She is a licensed social worker and has an additional certification in financial social work. Amanda herself wasn't always good with money. Who is right? No one's every born like really good with money.

At one point in her life, she found herself in \$20,000 worth of credit card debt and was able to change her relationship with money. Amanda's also the founder of the financial wellness program for national arts, nonprofit, the actors fund and here she pioneered a cognitive behavioral approach to financial education.

Amanda also runs seminars and groups for corporations, she's also authored several online courses for the learning company Linda.com. With Amanda, we learned what is good financial hygiene and her \$19,000 hair cut that served as the turning point in her financial life.

Here is, Amanda Clayman.

[INTERVIEW]

[0:03:01.6]

FT: Amanda Clayman, welcome to So Money, looking forward to talking about your brain on money. It's like your brain on drugs, your brain can actually be on money. Welcome to the show.

[0:03:16.9]

AC: Thank you Farnoosh, actually your brain on money and your brain on drugs have many things in common.

[0:03:21.3]

FT: Boy, okay. Let's just dive right into it. You have a very unique position as sort of like a financial clinician and this is, I think, something that you really entrepreneurialized. There's no — you can't study this in school. There's no path, one direction path to becoming, to having the role that you do but it's so important.

Tell us about how you got to becoming a financial clinician and why your method is different from a lot of other financial experts approach is.

[0:03:54.2]

AC: Sure, just so you know, I'm perfectly comfortable with the term financial therapist, that's usually what I use because it's the easiest way I think to understand where I work with people in that intersection between money and mental health. Your description is really perfect because there was no field really when I started down this pat.

I started professionally 10 years ago but personally I would say it started 12 or 13 years ago when I was starting to get my own relationship with money and all of the places where I felt like I really was falling off track in my own financial life that it wasn't a lack of information, I didn't know how — I couldn't operate money in the complexity of my life and I didn't feel like there was any place that I could really go with that mess.

There were plenty of people who would give me advice but nobody who could really understand what was happening I guess on the personal level on the behavioral level when it came to how I was thinking about and using money.

[0:05:02.2]

FT: Do you think you were telling yourself falsehoods about your capabilities or was there really a mental barrier that you were challenged by?

[0:05:11.7]

AC: I think it was, first of all I wasn't — I didn't even pay attention to money or I didn't pay attention to money in a production fashion. I worried about money a lot and in fact I think my worry and my stress about money caused me to do some things that were pretty financially self-destructive.

Like I would spend to sooth myself and then when I would get really stressed about how little money I had or about how much debt I had, I would go and spend every dime in my bank account at whatever creditor I was most worried about. There was no clear thinking in any of that. It was all just really emotional and really reactive.

[0:05:55.0]

FT: That's really human at the end of the day right? This whole field of irrational financial behavior, the root of it is that I find a lot of times it's like well, it's just because that's how we're hard wired. We're not born into this world thinking and behaving so rationally with our money, we don't look forward to saving and not at least I'm speaking very generally right?

Going back to the beginning of time, we didn't live to be a hundred, we live to be like 30 and so this concept of saving for retirement or saving for a rainy day. That just wasn't something that we had the instincts, we didn't need to do it so now we don't really have the instincts. How much of this of this whole kind of financial emotional difficulties that we have. Is it rooted in, being that we're human beings or that we're just like, it's societal. What is it?

[0:06:50.1]

AC: It's all of that really. We can understand how we experience money in our brains and bodies in terms of — because money is hard wired right into our sense of security on one level. Anything that feels like a threat to our money, this is why couples when they start to fight about money, even the most loving couples can just go right off the rails into the meanest, loudest fight you've ever seen on the topic of money.

It's because of that sort of survival threat response. On the other hand, money also touches into all of this different levels of identity and the groups that were part of and how we see ourselves

and so we're behaving like people like us or how we think that those people would behave. A lot of my own spending for example on that period of life about trying to look a certain way and feeling like that was how I wanted to represent myself or how I wanted to be seen in the world.

Also I think sometimes too, it comes down to role models and how the larger financial systems that we need to participate in have really evolved. 50 years ago, we basically had, there were many families that were single or households and there was a person who earn the money and the person who managed the money. Maybe there is a pension at the end of this long period of employment.

People didn't have to be, they didn't have to evaluate all of this complex credit products, they didn't have to finance their education if they had a higher education. They didn't have to be savvy investors and manage risk over their investment portfolio. These were just not rules that we had to do and so we probably were never really taught how to do them.

[0:08:48.9]

FT: So how do you teach people to do these things, to get over their emotional barriers? In some cases I find that we tell ourselves falsehoods, like I asked you in the beginning, I do think that we tell ourselves for whatever reason, "I'm just not good at money." But like, why do you tell yourself that? Get over it, it's not true, you actually are very capable but obviously saying this is easier than doing it. So how do you get people over that emotional challenges?

[0:09:22.6]

AC: The falsehood piece is us — so yes, we do tell ourselves stories about money, that's how we interpret what's happening to us and give it meaning. It's also a way, sometimes if we're in financial difficulty, of even giving meaning and even dignity to that struggle. It's hopeless just because of this reason.

So I use sort of a combination of cognitive behavioral techniques and that's what I ground my financial therapy or the financial education that I do. It's very CBT based, but also using mindfulness. Certain things like when people have a story that they're telling themselves about

money. I'll say, "Okay, well what's the evidence of that? Show me that. Show me where that's happening," and asking people to provide some level of insight or detail about it.

[0:10:23.5]

FT: Do you find when you ask your people to show you the evidence that often they can't?

[0:10:28.0]

AC: Yeah, we need to be able to look at — we need to be able to pay attention to money without getting overwhelmed or dissociating or sort of zoning out in the way that many of us often do because money is such a stressful trigger.

[0:10:45.1]

FT: Can you give me an example of this? Can you walk me through a case study?

[0:10:51.1]

AC: Okay. I do a lot of work with people who are creative professionals and a typical client for me probably has multiple jobs that they're doing, they have an idea that if they just hustle enough that the money will take care of itself or they're really optimistic about the future and feel like, you know what? I can't worry about this because if I just stay positive, I know that this will all work itself out.

Helping them slow down, first of all understand what stress is and how it brought them in the door that stress has served its purpose, good job stress. Let's make friends with our stress and appreciate the role that it plays here. Stress has brought you in the door but now what we need to do is be able to table that if you will and slow down the process of trying to fix whatever the financial issue is.

Such that we can go through a certain series of tasks. The first task is just being able to gather information and so we say, we're not going to change anything, we're not even going to think about what we need to do, we're just going to be able to gather information.

Helping people be able to do that piece first is critical for them being able to understand clearly whatever financial challenge is happening in their life. Money can take us on a journey so we can use these skills whether our problem is that we've been over spending or we're not earning enough or we're fighting with our partner, et cetera.

We sort of table the idea of change and just try to get the facts. The next step is to analyze what we see. Now we gathered this information. Now we can be a little bit more informed, a little bit clearer and not necessarily just project whatever our belief is or whatever that money story is that we assume is happening, this is where we can look for the evidence.

Now we have some evidence to look at. We look at that and we generate options. The way that I'm framing my problem, what are all the different things that I might be able to adjust here? The idea of adjustment is really important because if we feel like we're just losing something, if we feel like managing cash flow or making a budget is just a means of taking something away from us then we're going to be naturally resistant to it.

This is more about just trying to look at all the different ways that you can direct money if that thing is sort of important to you or organize your efforts to try to bring money into balance. The next step after generating all of these different ideas and options is to now pick something. What's our hypothesis? What is the thing that could possibly make this situation better? Then we walk ourselves through what we need to change in order to do that.

There's a lot of looking at the situation, understanding and accepting what is then we try to be expansive in our thoughts about what we could do about that. Then we try to be really delve into to the preparation phase. For example if you think you're spending too much money on food or taxis or whatever your sort of, whatever area it is that you're looking at. We frame that in a neutral way.

That's you using money to take care of a certain need. If you want to change that to make room for other needs or goals, what are you doing still to feed yourself or getting yourself from point A to point B? That's a place where a lot of cash flow management or allow the budgeting efforts really fall off, basically inspectors help to just be able to change that magically out of thin air.

[0:15:09.9]

FT: Why focus on the artist community? What is it about that community where you found there was a great need for your services?

[0:15:18.3]

AC: That has been my incubator thus far. I was really fortunate to be given the job. I went into this feeling like this is my mission, I want to change the way that people think about and use money. I want to expand our understanding of money to include more these psychological and emotional elements. I got — there was no field for that when I was first starting out and so I was really lucky that I was given that job with an organization called the Actor's Fund where I had the opportunity to create a program from nowhere.

And earnest and people who are creative free lancers have really been the best people to work with, to develop my understanding of what it means to be a freelancer, to develop my understanding of what it means to take work or make spending choices when you don't know what the future will hold or because something is really essentially important to you in a way that can't show up in the numbers in your life if you were just looking at the numbers.

[0:16:26.1]

FT: Yeah, I can only imagine. Not just for actors but a lot of people who don't have that consistent paycheck, there's that inherent anxiety around your money and your finances because you just — the biggest question I get from free lancers and people who don't have that steady paycheck is how do I actually plan for things because I don't know what is going to happen in a month or I don't know. Even if I complete a job, are they going to pay me right away? That's a big hurdle.

[0:16:54.7]

AC: There are practical ways to approach that question. You can talk about why it's important to have a cushion and why it's important to understand what your monthly knot or your burn rate is. Those are all vital pieces of this puzzle. Ultimately though, what people have to learn how to do is to stand in their own power so to speak and to understand that we all need to be responsible for the financial choices that we make in our lives.

Sometimes we can use information to support that but at the end of the day, nobody can tell you what the future will hold and entrepreneurs I think need to have that reality validated or them as a way of empowering them to say okay, then what do you want your system to look like? I'm going to help you with that but there's no one size fits all model here.

[0:17:52.1]

FT: Right. Amanda, what's your financial philosophy? Do you have a money mantra?

[0:17:56.9]

AC: Yes. My money mantra is that all financial behavior has meaning and that we need to reset that.

[0:18:05.4]

FT: What would you say growing up was a pivotal money memory?

[0:18:14.2]

AC: For me, the first time that I really was aware of money was I was a little bit older, I was a teenager and my parents were both very stressed about money and they would talk about that stress in a way that I really thought that we were in danger financially.

I remember once my mother saying something about savings and just being absolutely flabbergasted that they were saving, it had never occurred to me that we might have savings. It was at that moment that I became really aware of how much anxiety I had been absorbing about money without really having the full context because I'm a kid and that was the reality of that was in the grownup world.

[0:19:02.0]

FT: In the grown up world, did that manifest itself to a financial failure of sorts?

[0:19:09.4]

AC: Yeah, I think that that general anxiety about money probably was one of the things that made it hard for me to pay attention to it. I mentioned going into dad and having this period of my life that was really chaotic financially. It all sort of manifested or hit bottom if you will. One day when I was sort of in my mid, late 20's and my mother came to visit me and I asked her to cut my hair and I know this sounds ridiculous to be a grown up and have your mother cutting your hair.

She did in fact give me the worst haircut ever. I burst into tears and she said, "Don't worry about it, we'll tell your hair stylist it's an emergency, I'm sure she'll see you right away," and that was where the true tumbling out, I had to say, "No, I bounced a check," this was back in the 90's when we could write checks to your hair dresser.

"I bounced a check, I'm late on all these bills, I have the debt," and this was the first time where I really told the truth to somebody about how bad my financial life had gotten. I call that experience my \$19,000 hair cut because that was the turning point for me where I started telling the truth where I started asking for help and where the rebuilding process and ultimately that was the beginning of this journey for me. I failed so hard Farnoosh that I needed to have a whole new career.

[0:20:46.5]

FT: My gosh. What did your mom say at that time?

[0:20:50.6]

AC: She was shocked, absolutely shocked but to her credit, she was not at all — there was not recrimination, there was no shame, she absolutely showed up and helped me right then and there determine what I owed and to come up with a budget and come up with a plan. In fact, it was really not a complex document this budget, it was like seven line items on a piece of paper.

It was more that somebody was able to be with me in a place that I struggled and it's something that I talk to a lot of parents of grown children about that there's a period or there maybe need for a period of reprinting of your adult children specifically around money to learn how to really operate money because we couldn't talk to them about it and there are great lessons that we can give them when they're little but that's different than how we operate money when we are independent adults.

[0:21:57.2]

FT: Exactly. First of all, we don't get the education generally growing up and then once you turn 18, go to college, it's like, now you're the adult but yet this is the prime time to learn about money otherwise you will learn it the hard way and I did a whole show on this that lasted one season. Maybe some of you watched it? It was called Bank of Mom and Dad.

I would for something like that to come back and resurface, maybe you could host it. It's basically these young 20 something who have done reckless things with their money coming face to face with it and also clueing in their parents who have no idea because why would they?

The two parties, mom and dad and the kid really having like you said like a reeducation, a relearning period where it's a learning process for parents and kids and to say the very least of what the parents can do I think is to share their own journey. You may not be the most perfect role model financially but that doesn't mean that you don't have the experiences and lessons learned that would be valuable to pass down to your kids.

[0:23:04.8]

AC: I love it. I think sharing those mistakes and places where you've learned as a parent are really helpful for young adults to hear because they might assume that you're perfect in all the things that you figured out that you just have all the answers and you always have them. Owing up to really where you made mistakes and what you do to do differently because of that can be one of the greatest gifts that you can give to your children.

[0:23:35.1]

FT: What about success Amanda? What would you say was a period of financial success for you? What happened?

[0:23:44.3]

AC: I'm really working on that right now. I feel like I have learned to be such a more conscious budgeter and spender in my own life but one place where I see as an area of growth for myself in the next chapter is being more conscious and directed about how I earn money.

Because I think all of us naturally sort of tried to balance one side of the equation over the other, there are people who naturally see a problem and try to spend less, I'm definitely one of those people and there are people who see a problem and they try to earn more.

I have been working as I move into a more entrepreneurial phase of my own career of how I pitch my services and how I price that. I'm trying to be really conscious about that and I've had a few wins, I've had a few successes so far and that's really exciting for me.

[0:24:48.3]

FT: Rock on, okay, let's talk about rituals or habits. I know you like to call them, I've heard rituals, I love it. Financial rituals or habits that you practice, maybe just one that you think is really important in getting you to your financial goals.

[0:25:05.7]

AC: I have one that's in — I think I'm pretty vanilla in that sense in terms of I have a time that I sit down and I look at my money but there was one that I wanted to share with you that is a ritual that actually has brought a lot of pleasure to my life in an unexpected way which is, when I get changed, when I get one dollar bills and change.

I take them and I fold them and I keep them at the top of my handbag. That way whenever I see someone on the street who is homeless or who is pan handling. I don't think about whether or not that person needs the money or seems worthy. I just decided that for me in my life, I don't want to be the kind of person who is even having that thought process.

I want to be the kind of person who steps up and gives to another human being. So that's my way of just making that really easy and actionable. I feel it connects me with other people who are in need and just gives me a moment to give him a dollar and say, "I hope your luck changes or god bless."

[0:26:13.1]

FT: That's wonderful. That's really a good idea especially I live in New York too so that would be something handy for sure, sadly but I like that a lot. All right, let's do some So Money fill in the blanks, this is when I start a sentence and you finish it. First thing that comes to mind. You know this part well right? Because you listen to the show.

[0:26:36.1]

AC: Yeah.

[0:26:37.1]

FT: Okay, if I won the lottery tomorrow, the first thing I would do is _____.

[0:26:42.3]

AC: I would take a giant pause and not decide what to do with it until after a period of time. I would give myself at least six months to figure out what I want to do with that money.

[0:26:53.6]

FT: Okay, that's a great idea and don't tell anyone either that you won the lottery, that probably wouldn't help.

[0:26:58.1]

AC: Right, I would...

[0:26:59.3]

FT: Rush and make a decision involving them.

[0:27:01.2]

AC: I would incorporate, yup, I would have all the proper tax procedures put in place.

[0:27:07.4]

FT: That's smart. Okay, one thing I spend on that makes my life easier or better is _____.

[0:27:13.7]

AC: This is what I'm working on too is an assistant. I feel like I have not always had the support in my life to do my best work and so starting to spend on an assistant and free myself up is something that I'm really proud of.

[0:27:30.1]

FT: Right on, yeah. I have an assistant too, Sophia, she's actually been on a couple of my podcasts, Ask Farnoosh, assisting, asking questions and she's been a game changer for my business. So I completely vouch for that.

All right, what's one splurge that I spend money on that I don't regret and I wouldn't have it any other way is _____.

[0:27:55.0]

AC: Prepared food. I wish I had the time to cook more, I also wish I liked cooking more but no. Food is a little bit of a means to an end. So I am grateful for all of the good, prepared food in my life.

[0:28:07.8]

FT: There's so many resources especially if you live in the city, there's not just Seamless but there's Uber Eats now and all these other companies that will bring you even if you like cooking but don't have time to plan, they'll bring you I think it's called Blue Apron. They'll send you a box of fresh ingredients so I think that's a definite need in the market.

When I donate, I like to give to _____ because _____.

[0:28:35.1]

AC: I like to give to causes with a personal connection. Either there's a charity that's raising money for research for a disease for example. Maybe a person in my life has struggled with that disease or that's also actually what I like to do, the one dollar bills is just because when I use — I just wanna use money and giving money in a way that that fosters my sense of connection.

[0:29:03.2]

FT: Last but not least. I'm Amanda Clayman, I'm So Money because _____.

[0:29:08.6]

AC: I love the journey that money is taking me on.

[0:29:12.3]

FT: Right on and you're bringing a lot of people with you, which is fantastic and important and I love you for it. Thank you so much Amanda.

[0:29:19.7]

AC: Thank you Farnoosh.

[END]