

EPISODE 1014

***JL:** With many decision, with any decision, a really important question for individuals to ask themselves is, "Is this going to lead to resentment?" Because in any kind of relationship, in a marriage, in our friendships, in family relationships, in business relationships, if there is underlying resentment, it will become corrosive."*

[INTRODUCTION]

[0:01:00.7]

FT: We know that money isn't just a numbers thing, right? Today, we have in her words, a psychologist who is all kinds of fired up about helping people get their financial houses in order. Welcome to So Money everybody, I'm Farnoosh Torabi. Dr. Joy Lere is a psychologist who focuses on money and mindset. Through her work, she's seen that a lack of money knowledge, combined with discomfort, talking about money, creates a perfect storm for relationships.

It can lead to under-earning, over-spending, loss investment opportunity and crippling financial stress. But, it doesn't have to be this way for any of us and I'm excited to welcome Joy to the show and hear how she helps her clients work through their mental money roadblocks.

Here's Dr. Joy Lere.

[INTERVIEW]

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FT: Joy Lere, welcome to So Money.

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JL: It is such an honor and a privilege to be here with you today, Farnoosh. Thank you so much.

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FT: I really love it when listeners enjoy, your listener reach out to me and share their expertise because you help me do my job, which is to bring on all of the interesting experts, insightful people out there that have a thing or two to share about money onto this show and so I have the privilege of not only having you in the audience, as a loyal listener but also someone who is out there helping people with their money through your work.

Just as a psychologist and consultant who practices at the inner section of behavior and business. I want to talk a lot about what you're learning behind closed doors, talking to your clients, it turns out that money is a reemerging and reoccurring theme that people's relationship with money and we know it's complicated.

A lot of listeners write in about this, every week. I want to explore that. But I also want to learn about kind of before we get to the advice, a little bit more about what you do and how you do it and I understand that when you discovered that money was this recurring theme that it kind of took you by surprise.

Tell us – take us back to when you were just starting this practice or just starting to talk to people and when you had this sort of 'aha' moment that money was kind of the repeating sticky stuff.

[0:03:12.0]

JL: So, I have a tremendous job, I love what I do, it's really an honor to be entrusted with people's stories. I get to sit behind closed doors with people who are very bright, very accomplished and they are having with me, the conversations that they aren't having with anyone else in their lives and over a decade of clinical work in various different settings, various cities in the US and I had the opportunity to work in the UK.

This pervasive theme of just how complicated people's relationships with money is really stood out to me. I really see more and more a need for there to be people who can – who have the

courage to have these conversations and help people get their financial houses in order at the same time.

Over time, it really stood out to me and brought into clear focus that when you pair this widespread paucity of financial literacy with an intense discomfort in being able to have discussions about money, you have a perfect storm for relational discord, under-earning, over-spending, lost investment opportunity and really crippling financial stress.

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FT: I want to start, I'm sorry to interrupt because this is also good but I want to jump in because I'm having so many thoughts. I often think that when couples present a problem in the relationship and I'm just – I'm doing a little bit of guessing here. But my guess is that they don't think it's a money problem, they think it's – he's not respectful problem or she is disorganized problem or we're not on the same page problem.

When you share with couples, "Actually, you guys have a money management problem or you have a sort of your relationship with money as a couple is fractured," how does that conversation usually go?

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JL: Being able to talk to talk about okay, we need to address the practical pieces of the math, and then understand what are the other issues that is driving this? You know, money is such a fascinating canvas on which we can learn a lot about personality and just overall psychological function and I think there's a lot of complexity within the dynamics of a couple's relationship or even a family system in terms of you know, people come in having attached a lot of different emotions to money based on their experiences with money up until that point.

In some couples, there are issues going on with power and control, there are some people who are really – it's a real sense of security, it's a real sense of anxiety. We need to understand what is underlying the numbers but then also, let's make a plan and get you situated to be on the

same page to move forward. I think a lot of times, when there's conflict around money within a relationship, it can feel like the other person is the enemy.

No, let's talk about what the issue with the money is and figure out how you can work together as a united team to tackle that thing and not try to be tackling each other.

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FT: Well, let's take a really specific example — a person actually wrote in to me, into the show last week and said, "Look, I am in love with my girlfriend, we're going to get married, that's happening. There is this sort of elephant in the room which is that she has about \$100,000 in student loan debt but she also got that debt because she was getting her MBA."

"I don't have," — he was telling me, "I don't have debt, I actually own a home," so financially, he's further along on paper than she is and he was getting a bit of stress from parents, his parents were saying, "But you know, when you get married, this is going to become your debt," at least maybe not on paper but like it's going to become again this even bigger, louder, elephant in the room.

He was just like, "How can I encourage her to focus on this without nagging? And also, I want to trust that she's going to do this on her own independently but it is stressing me out because this is not my situation and it would" — not to say that — I think what he was trying to say was that this is not my personality either, like maybe he wouldn't have taken on so much debt.

What would you say to this couple if they were in your office and having this complexity?

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JL: First of all, this — especially given the student loan crisis that we are in the middle of. This occurs over and over. Before a couple is getting married, we need to have a clear sense of what their plan is after the wedding for how they are managing and merging their personal finances.

Understanding are they keeping things separate, it behooves a lot of couples if you're going to be working together on this to say, "Okay, I didn't make this choice but we are coming together, forming a new family, what is yours is now mine and I'm going to commit to working with you doing this."

However, you have to be willing — and I really believe with a money decision with any decision and in really important question for individuals to ask themselves is, "Is this going to lead to resentment?" Because in any kind of relationship in a marriage, in our friendships, in family relationships, in business relationships, if there is underlying resentment, it will become corrosive.

That's going to come out and if it's not talked about directly, it's going to come out sideways in one way or another. I think he needs to step back, they need to get clear on what the plan is going forward and he needs to ask himself, "What would potentially lead to resentment? What am I willing to do, that's not going to lead to resentment?" Go forward from there but a lot of conversations need — what can't happen is that this continues to be danced around and that they aren't having the uncomfortable conversations.

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FT: What do you make also of people sharing their personal financial situation? In this case, he was sharing his girlfriend's financial situation with his parents. Sometimes I feel like too much information to a generation that doesn't understand the realities of being a young person with debt, can sometimes be an unnecessary layer of stress where they're going to now be giving you their advice and you know, "Here's what you should do."

I find that when we broaden and we open up our, I mean, it's important to talk about money but when is it too dangerous to tell other people about your finances? Because then you're going to get different kinds of advice from all the different directions and now you're feeling more overwhelmed.

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JL: Absolutely, I absolutely agree with this. This is – we all know, when you bring in-laws into the mix, there's – it's all complicated. It's really important and there are certain circumstances where inter-generational communication around money is really important. But I think with a couple, there needs to be a boundary between what's happening with their accounting and parents and maybe even siblings.

Because it is quite frankly – I can understand from a parents' point of view, okay, there's concern, you know, being able to say, "I appreciate and understand you voicing that and I'm willing to – we're going to work to make a plan and address that."

But, make clear that parents then don't get to become financial advisors for a couple. Ultimately, they are adults moving through the world, making decisions. So I think being clear, "Thank you, I appreciate your concern and that is noted and we are working to address this reality." And then, turning around facing your partner and doing the work.

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FT: Let's talk more about the work. Let's say we're now, as we're moving through this conversation, I feel like we're going through like ahead of the natural progression of how it would evolve or how it would transpire in your office. But then you got to go – you identify the problem, this is not a relational problem, so much as it is a sort of disparate financial values, problem or something along those lines.

What is the work that you're often prescribing to your clients as a step one, two?

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JL: Deciding what is going on especially with the debt like this. I think you need to take an inventory of all of your other debts, decide how are you going to rack and stack these to conquer these together, what is the timeline, what are you prioritizing and then looking at what are the numbers that we have to start to go after what we need to kind of take down. And then, start to get into the minutia of, "Okay, what is that going to look like? What is budgeting, what is making decisions about saving and spending?"

What is that going to look like? And the thing is, often, with couples, you need to kind of get in the weeds with that because typically, there is someone and it sounds like in this relationship, there's someone who has more of a proclivity to be the savior, to be a little bit more conservative and somebody who is going to be a little bit more of the spender in the relationship. So then talking about, "Okay, how do we do this and not be stepping on each other's toes and not become a parent or shaming another person.

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FT: Become rivals essentially.

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JL: Exactly. It all goes back to, "How do we work together in taking down this common goal?"

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FT: Joy, what do you think we should be talking to one another about money before even getting serious in a relationship? Do you ever think to yourself, "Oh if we could take this couple back in time," right?

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JL: Oh all the time. I think couples should get financially naked in a relationship far earlier than they often are. I think you need to be able to be honest with yourself about what are you coming into the relationship with in terms of what is your relationship with spending? What is your relationship with saving? What are your thoughts and feelings about debt? What are your thoughts and feelings about credit? What do you know about investing? What are your financial goals?

And what I see over and over that people's early experiences in terms of what was taught to them or not taught to them, what was modeled to them or not about money management early

on, who took those roles, those kinds of things people are coming into a relationship. So in the same way that we talk with patients that when people get married it is in some ways it's like two families are getting married.

When a couple is merging finances it is two financial families are coming together. So we have to understand what our partner is carrying forward and how that might play out.

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FT: Did you ever think that you're going to be this kind of an expert? You know, you enter a field with one kind of perspective, one set of expectations and now here you are like having mastered or financial psychology through your work. Has it inspired you to get even further niche-fied in this area? Because there is a growing industry of financial therapists.

[0:17:40.6]

JL: Yes, so it's so funny, Farnoosh, when I was growing up I hated math class. I hated anything that had to do with numbers. However, I grew up in a family where I was exposed to money a lot. I grew up on a farm, a family farm in the Midwest and I was aware from a very young age the price of markets in Argentina and the weather in China were going to impact the mood.

I could tell you as a youngster how I was going to — how or when to buy or sell a load of soybeans. However money was something that was talked about a lot. I had a checking account in elementary, as a teenager I started investing in the stock market. So money was very much on my mind, math was not. So when I would take a career inventory, you know we all do those things, anything having to do with the finance industry, accounting, none of those were at the top of my list.

So fast-forward, here I am as a psychologist, but I'm seating in my seat, hearing these conversations over and over and watching this theme emerge and just seeing such a need for someone who can kind of merge a left brain economic understanding with a right brain reality of the complexities of money psychology. Because money is just this complex — money behavior is this complex nexus of affect cognition and behavior.

And when you mix in then the unique experiences we have in our carrying forward in our lives, it's, to me, fascinating and I am really motivated in my work just to see people, see couples develop the insight and skills that they need to really become financially disentangled as they discover how am I going to lead and create a richer more resonant life and so I am a behavioral finance nerd.

And it's been a really exciting for me just to see the marrying of something I've always been passionate about and interested in, in terms of business and finance and just my love of work in the field of psychology. So it is a very exciting time.

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FT: I was wondering as you were talking that sometimes when couples have marital – have disputes over money that it sometimes not resolvable and it's no secret that money differences, money arguments are a leading cause of divorce. Now, I think a lot of that can be prevented through therapy and strengthening your communication and having a plan and being empathetic and all of the things that we have been talking about.

But with that said, I think that there are some exceptions, right? That there are some times when and I think a great example of this is when one of you, a partner, has been dishonest in the relationship. That is really hard to move on from that and I don't know if you have any stories like that.

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JL: When trust is fractured, I really believe it can be rebuilt but if — people can forgive but they don't forget and that is a powerful dynamic. And this, you know even as you were talking it goes back to something that we are talking about earlier why do I sometimes wish would be a part of the discussion and the plan earlier, I think when someone is thinking about entering a relationship, one of the things they need to think about — sometimes we talk about in the long term relationship what are your non-negotiables?

What things can you kind of put up with but what things are you just not okay with? People need to start thinking about those things before they're entering a relationship in terms of, "What am I willing to tolerate being on a different page with financially from my partner and what am I not just comfortable with?"

And so then fast forward to when something has occurred between two partners and there has been a breach or fracture of trust, it's going to take time and a lot of healing and conversations for that trust to be rebuilt but you really need to be investing in what that looks like but a person does have to ultimately decide, "Am I willing to move forward?"

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FT: So something that may have initially presented itself as a financial problem is really not that. It's really at the underpinning of that is trust, that was broken.

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JL: Yes and I will say that oftentimes, this goes back to money being a canvas, money is one sphere of our life and I tend to see that if there are financial patterns playing out, they are maybe playing out in other spheres as well. So I talk about sometimes I explain to people I see money as emotional currency. Sometimes food can be the emotional currency.

The ways in which we treat people, those kinds of patterns and I think when it comes to integrity and honesty and trust, if it's happening in one sphere you need to step back and ask, "Okay is my sense of trust and safety and security, financial, is this happening anywhere else?" And taken honest assessment of that.

I do think sometimes when money behaviors are hidden it has to do with shame, it has to do with couple's having not appropriately sorted out getting on the same page. So maybe I am hiding some spending on the side. Okay that's because there's possibly something going on where I feel like I can't talk with you about it.

So let's learn to have the conversation and decide practically what that's going to look like on the front side, so there doesn't have to be a cover up, because oftentimes somebody is going to have stronger feelings, probably not about what the spending was, unless it is something egregious, but the fact that it was covered up.

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FT: You bring up another really good point, which is a shutdown in communication and I find that even before you realize there's problems or a problem, you haven't even started talking about money because one of you just doesn't like to do it or it gets nervous or doesn't feel comfortable. I mean you probably experienced it, I have heard it, people don't know how much their spouses make.

People don't know how much debt you've got before you get married. People write in and they say, "I am nervous having the money conversation with my fiancé." So what is your advice for breaking the money — the financial ice?

[0:26:07.2]

JL: I really encourage people to schedule and I don't want to just to be 'the money conversation' — but what are our money conversations going to look like? So I think starting by just validating and normalizing this is not an easy thing to talk about. It brings up lots of feelings, lots of discomfort, we aren't used to doing it with people. I can tell you as a psychologist, people will talk to me about their sex lives for six months.

And then I ask them, "Well how much money do you make?" And they look me like, "How dare you ask that!" And I'm like, "If we can't have this conversation in here I am pretty sure you are not talking about the subject with anyone else in your life." Which is highly, highly problematic. So all of that — so normalize that this is a hard thing to do, this is probably going to bring up some feelings but let's be specific.

Let us set a money date, let's say we are going to have — devote a specific amount of time to walking through questions we have, sharing a little bit about our thoughts and feelings, about

kind of our savings, our investments, our debts and have that be a first conversation and then schedule subsequent regular money dates. I think one of the best things couples can do is just have that as a regular, rote thing in their ongoing life and routine.

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FT: Yeah at least in the beginning if you are trying to get all the words out, right? And get into some sort of a cadence, very, very important. And then eventually hopefully it is just a fluid conversation you are having all the time and it doesn't have to be this scheduled thing. You can feel comfortable just bringing it up over a text message.

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JL: Yeah.

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FT: But don't do what I do, which is I tend to tackle money stuff with my husband right before we go to bed. Don't do it then, not a good time yeah, 11:30 at night, "Should we refinance our mortgage?" No, don't do it.

Joy, thank you so much for joining us. I wish that I could have more time with you. I am certainly going to invite you back maybe later in the year, as this is such a hairy topic and one that is really of interest to our audience for good reason. So thank you for your work and thank you for sharing your time with us.

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JL: Thank you so much, Farnoosh.

[END]