

EPISODE 1436

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1436, how to trust your fears to live a more meaningful financial life, with expert Hadley Hagen.

***HH:** Money just makes you more of who you already are. And so if you have that fear, that fear won't go away with money. I mean, to a certain extent if you're living in actual scarcity, that's different than like this perceived level of scarcity. But how you feel about money really shapes your life more than how much you have."*

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. We are going to be talking about money at the intersection of my favorite four-letter word, fear. Okay. You know I'm writing a book about fear. It's coming out next fall. It's called *A Healthy State of Panic*. One of the chapters is dedicated to our fears around money, and my guest today brings the expertise and the science behind so much of what I have felt is true about our fears around money.

Today, Hadley Hagen is here to confirm those instincts. Hadley is a nervous system educator and money coach. With these two disciplines, she helps her clients develop a deeper understanding of their financial lives. She cares profoundly about the connection between money and the nervous system, and believes that without an understanding of how the body works, you can't make real lasting changes in your money life.

Hadley has a background in business and economics, and she combines tactical, practical money management with a trauma-aware body-first approach to help her clients develop deeper self-trust with money. I'm so excited for this conversation. Here's Hadley Hagen.

[INTERVIEW]

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FT: Hadley Hagen, welcome to So Money. I'm so excited for this conversation. We're going to talk about money and fear. You work at the intersection of these two things. Welcome to So Money.

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HH: Thank you. I'm so excited to be here.

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FT: So you are a nervous system educator, Hadley, and a money coach. Can you tell us a little bit about how these two disciplines intersect?

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HH: Yeah. Because they seem like they shouldn't relate, right? Like the body and money. But really how I incorporate it is looking at how our body responds to both safety and danger and bringing that into how we make financial decisions. Just because our culture really teaches us that we're brains on sticks, and forgets that we have like a full body that really impacts our mind and the way we think and behave both with money.

But also, relationship driven, so how we're having conversations with partners and family members and friends and even ourselves around money. So really bringing in the nervous system and how when we're feeling in a state of safety or under threat, how that impacts our mind.

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FT: How does it impact the mind? Like how does our fear around money kind of present itself in our systems?

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HH: Yeah. Well, our nervous system, it's constantly scanning our environment to determine if we're feeling safe or if we're feeling under threat. So if we're feeling safe, then we really have our full capacity of our mind online to make decisions. So the psychologist, Daniel Kahneman, calls this system 1 thinking, and system 2 thinking, where system 1 is this instinctual, very automatic, emotional response that really is just trying to keep us safe, and it's very unconscious. Then the system 2 thinking is where we have more our executive functioning, our ability to think strategically, think long term, see possibilities, assess options. That's in our system 2 thinking.

So when we feel under threat, when we sense fear, so that's really like a stimulus outside of ourselves. Our system processes that as a threat. Then fear is both like a cognitive and physiological response to that threat. So based on that, if we determine something to be a threat, then our mind actually goes into survival mode because the way our brains have evolved is from those prehistoric times, when we're trying to stay safe from a tiger, for example. Our nervous system's ability to sense threat is really good. It's always learning, it's picking up information, and it does a really good job at trying to keep us safe. But it's very general. It's not very specific. So it can be like really sensing for anything that can be a threat to us.

Back in – Long time ago, that was a tiger. But we have that same threat response, that same fear response in us today, which is maladaptive oftentimes in our modern society, where our fears aren't related to surviving a tiger. But it's more so tied to money and survival, which is using money as a way to live and get our needs met and then also as a sense of status in our society as well. That's really one that there's a strong connection between money and the nervous system is around that sense of safety and security.

So if we have maybe past events tied to money or just really living in our culture, which is a culture of scarcity, impacts our ability to really engage that system to thinking that strategic thinking. If we feel under threat, we're just stuck with that, that system 1 thinking, which can be

really helpful to keep us safe and in a tiger-type situation but doesn't benefit us when we're trying to make long-term strategic decisions with money.

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FT: So how do you coach your clients to get that emotional intelligence, to get a little bit more – To get smarter with their fears and to be able to elevate from station one to station two. What is the first thing we should do when we are in that place of fear? Fear has shown up, and we want to explore it, but we want to also not make any knee-jerk reactions, impulsive reactions.

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HH: Yeah. Well, I love how you even asked that question because I think oftentimes in our culture, it's like we need to get rid of fear.

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FT: Exactly.

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HH: Like fear is bad. Just you don't need to be scared of this. You're fine. Really, what it is. It's almost seeing fear as this bud, as this thing to say, "Hello, fear. What is the message that you have for me? What is something here that I can learn?" Sensing that fear and just even noticing it's there, which commonly is called mindfulness. It's also called, yeah, just this interoception. It's another sense beyond our five senses called interoception, where you can sense within yourself like, "Oh, my heart rate's increasing. Oh, my throat is tightening." Noticing within our bodies these sensations that are changing that might signal to us like, "Oh, I'm going into a part of my nervous system, where I feel under threat."

That's often called the fight or flight response. We hear that a lot, right? So when you kind of upregulate, when you're becoming more alert, that's called your fight or flight response, and that's when you see a threat, and you feel like you can do something about it still. So you think

like with money, for example, being in fight response, this translates to hyper vigilance. Meaning maybe being super controlling about spending, not wanting to spend, even if you have the money. Kind of more of that like hoarding money mentality and being super tight and controlling with it.

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FT: Or getting rid of your 401(k) because you're looking at what's happening in the stock market. Many people did that in the last recession.

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HH: Exactly, yeah. So that hyper vigilance and paying attention to things, almost to the point where it's not serving you. Then with flight response, that is one that I see the most with my clients, and I work with women, is being in avoidance. So just completely avoiding the topic of money altogether because it feels so scary. Like there's so much fear associated with it. So that's in the flight response. Then the lesser known one, actually, is instead of like going into alertness, actually shutting down and going into freeze or collapse. That's where it really feels like you can't do anything about your financial situation, and you just kind of give up.

So those are kind of the different levels. What I help my clients with is first building that interoception, that's a fancy word for mindfulness, around what are the sensations in my body, and what does that say about the state of the nervous system that I am in. Because if you're feeling grounded and calm and, how I like to say it, just feeling like myself, I'm in this safe and connected part of the nervous system. But if I'm under threat, that puts me into the fight or flight or the freeze. Then you're just operating out of protection or defense and not really being able to see possibilities.

I kind of dabble both in like financial, personal finance, and then also the spiritual community and personal development. I bridge the two. So I speak to abundance and scarcity, a lot those terms. To me, abundance is a state of the nervous system. It's being in that safe and connected place. Because when you're not under threat, you're able to see possibilities. You're able to assess options and actually believe that those things might be possible for you. Versus when

you're under threat and in scarcity, you're in tunnel vision and can only see whatever it needs to be done to survive.

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FT: It sounds like you have to be extremely mindful, as you mentioned, but prepared to bring yourself into reality and understand, if you are experiencing scarcity, to shift. Almost you have to like consciously shift your thinking to, “Okay, what do I have that is real and attributes to my wealth and feeling rich and abundance and all that?”

To get very granular here, I would love to understand like what are some specific things to think about, reframe, remember, as you are in this place of fear, or you may be imposed to fight or freeze or flee, right? We don't want you to do that. We want you to sort of ground yourself again and focus on different things. What are we doing actually in that nuts phase?

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HH: Yeah. The first thing I like to focus on is we live in a culture of scarcity. So you can expect it to happen. By scarcity, I mean, it's just this fear of never having enough or being enough. That is what can then trigger these feelings of being in fight or flight. So just knowing that stepping out and being in the world in this safe and connected place is rebellious to a certain extent because it's going counter culture.

So I think that something, just the systems that are in place right now with the level of income inequality, really do trigger levels of scarcity or perceived scarcity. Even though here in the US, we're in the richest country in the world, with the huge wealth gap, it actually makes people feel like they have less than they actually do, just because we identify scarcity based on comparison, right? So I think just having that understanding of the systemic perspective.

There's a quote by Michael Brooks that says, “Be ruthless with systems but kind to people.” So I think first understanding like, hey, we're in this kind of crazy world that if I feel scarce, if I feel these feelings of scarcity or fear, there's nothing wrong with you. It's the world that we're in to a certain extent. But that doesn't mean that then you can't then step into learning how can I care

for myself to be in this world but not of it. What I mean by that is then developing, as I said, this mindfulness.

The first thing I do when I work with clients is develop this thing. It's kind of has a funny name, but it's called a pendulation plan. What that means is it's like a pendulum, right? Like swinging from the hard stuff of like looking at finances and looking at the scarcity of things and looking at stuff that you've maybe avoided looking at in terms of your personal finances for a while, but then swinging the pendulum to the other side to do things that actually feel good in your system and are comforting to you.

Because another misconception is that, okay, I'm just going to like grind, and like make myself stick to this budget, and be really intense with my finances, and really swing one way of the pendulum, and really forget of like, "Okay, I actually can go further in this work when I do things to care for myself, to nurture myself, to swing to the other side of the pendulum, and do things that help me stay in that safe and connected zone." So that's what I was saying. Like when we're in that safe and connected zone, that's when we're able to use our full mind and our ability to think strategically and thoughtfully and intentionally.

There are so many people that say, "Oh, I'm bad at numbers," or, "I'm bad at money." Well, it might be that you just have associations with that with inside of you that are fear-driven, and then your system 2 thinking goes offline. So you really don't even have that part of your brain accessible to you. That's the first thing that I help people with is developing this pendulation plan, so like a pendulum. When you feel yourself swinging into the red, what are these things that you can do to anchor you into like more of these good, positive feelings that in somatic experiencing are called blue feelings, these blue kind of more lighter things that just feel good?

The first thing that I do with clients is help them. We know so much sometimes about what feels bad, what the bad feelings feel like, but not so much what feeling good feels like. When we do this money work that maybe feels triggering, how can we find these things that are called glimmers that actually feel good? So not only focusing on, "Oh, money is so triggering for me," for X, Y, and Z reasons. But these are the glimmers in my life that actually make me feel good. By doing more of these alongside of this money work, I'll actually be able to go further.

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FT: In your money coaching, one of the steps that you promise your clients is that once you have learned how to regulate your nervous system, which is sort of what we've been going through, you've been talking through some of these steps, that one of the benefits is that, well, the next phase, which is that you develop a stronger connection with your intuition. You can source guidance and wisdom from within.

Can you talk a little bit about that and what you mean by intuition and how to really leverage this? I think this is something that we always hear about, like I just had an instinct or I'm into it. I'm into it, experiences. Yet we don't really know what it entails all the time. At least I don't.

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HH: Yeah. I know. I think it's so personal too.

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FT: What's going on?

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HH: **[inaudible 00:16:48]** of what intuition is. I believe intuition isn't a mixture of instinct, so a mixture of this system 1 thinking. We don't have to say that that's bad. That system 1 thinking, that instinctual automatic thinking, it tells us what to move towards or move away from. So that's a part of instinct or intuition, it's that instinct element, is what am I drawn to? Without really having the words to explain it, am I interested in? Even just starting with really simple things, maybe not big life decisions. But like, for example, I've always been really driven to dogs. What are just some things in your life that you know you're really driven towards, called towards that you really love? Then starting to hone that feeling and trusting that feeling and then over time being able to apply that to bigger life moves.

Like for me, I had a corporate career for seven years. That looked really good on the outside and was a career that many people would really want. Running a line of business for a fortune 50 retailer and building some strategies for some of the biggest companies in the world. But I had always had this call to do something more, to become an entrepreneur and a coach. I couldn't really explain that. But over time, I was able to then follow my intuition to take that move and make that pivot in life. So I think even starting small with what am I drawn to and kind of pushed away from without even having words to explain it.

Then the second layer of that is in order to really access that intuition in a way that feels safe because as I mentioned, we have that instinct when we're under threat. But when we're feeling safe, we can tap into that instinct as well in making these life decisions. So it's really coming from that safe and connected part of the nervous system. So when you're feeling safe and connected, that's when you're able to see those possibilities. Then using that kind of instinct of like which of these possibilities is like drawing me towards it without really an explanation? Or which of these things am I'm like not interested in, even if I can't explain it?

Yeah. Breaking down, I think, intuition into like the instinct and then that inner wisdom of just things that come to you. Then there's also connection to the universal and knowing that there's this vast wisdom outside of ourselves that when we're feeling safe and connected, we can tap into for guidance.

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FT: Yeah. I had a guest on the show who is an Intuit, in fact. She'd written multi bestselling books about it, and she was like, "Your intuition is something that you can identify in your own patterns, in your own life." Because sort of like how you explained it, like what have you been drawn to, or what are the things that you have done in your life maybe without all of the answers, but it worked out somehow because you had the right – You made the right calls. Examining your past, essentially, can give you a sense of where to go in the future.

I got a email one time from a So Money listener not too long ago, and it was someone who probably – You see this person in your client work, where she had done the work but still felt held back by money. She had built a very successful business. She had about a million dollars

in investments. She'd single-handedly raised her sons. Then she's writing to me saying that there's a part of her that is so afraid of losing it all, going broke. Then, of course, as we explore what's beneath it all, she tells me that she grew up in poverty.

Sometimes, when we have these money fears, my advice, and I want to get your thoughts on this, if you think this is good advice, but my thinking is that we should really sort of sit with that fear and understand where it's coming from, and maybe even say to ourselves like, "Is this legit," because it might be. I mean, she had her bases covered. But if she came to me and said, "I'm afraid of money, and I don't have a savings account, and I overspend," well, then that fear is telling you that there is some work for you to do, and that's not a bad thing. Like we shouldn't be afraid of what the fear may be telling us, which is like we got to get to work.

But what do you think? I mean, how far should you take that fear to examine it, and how can you figure out what it's actually encouraging you to do next?

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HH: Yeah, definitely. I think your point is also that sometimes the fear isn't rational or realistic or really reflected in reality. But it's from a past thing. So I think there is that examination of where is this fear coming from. Is it like a real fear that I'm facing in my life? Or is it something that is passed down to me from generations before me, or from my childhood, or conversations that my parents had growing up, and I learned to be stressed about money? Just where are these stories and things coming from that are impacting how you are feeling in the present day, and then deciding which of those feel realistic and real to you today.

I think another point is how you feel about money to a certain extent. To a very large extent, really it doesn't have very much to do with how much you have. I think that's something that I see people and my clients think about is like, "Oh, I just need to make more money, and then all my problems will go away." Well, money just makes you more of who you already are. So if you have that fear, that fear won't go away with money. I mean, to certain extent, if you're living in actual scarcity, that's different than like this perceived level of scarcity. But how you feel about money really shapes your life more than how much you have, if you're at a certain level where your needs are met.

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FT: I want to go back to what you said that money makes you more of who you are. I say this, and I tell you. It can get a little controversial when you bring this up at a dinner table or at a party or at a work event. Because I think when I say it, I don't mean that, obviously, if you're in poverty, if you are in real scarcity, more money can improve your life. It's not to say that it's going to not change your life. It's just that it doesn't really change who you are as a personality.

I think that, and at least from what I've experienced and witnessed and in my own life, if you're a generous person, you can be generous and not have a lot of money and be generous and have a lot of money. I think that if you are greedy, you can be greedy with the little that you have and with a lot that you have. So that's what I'm talking about in terms of who you are, like your personality, your nature, your spirit.

I think that money is, at the end of the day, just a tool. What becomes of your life, it doesn't matter what – The money doesn't decide it. You decide it, right? So if you are, at the end of the day, like a well-mannered, thoughtful, able to delay gratification, generous person, which I know who am I even talking about, then more money means more of you get to exercise more of that personality in a bigger way.

Again, I may be saying something that people are listening to you and going, “Oh, I disagree, Farnoosh.” But you know what? I think it's a healthy debate. But we'd love to hear where this concept, how it arrived for you, like what do you see as that connection. Maybe bring this to life for us a little bit more, this idea of more money makes you more of who you are.

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HH: Yeah. I agree with what you said that you can have these values and characteristics that you live into, these values you live into, no matter how much money you have today. But if generosity is a value of yours, to some extent you can have a bigger impact of generosity with more money. I think that's the value in how money can be really powerful and impactful in the

hands of heart-centered people, especially, is that then that's where they can make even more powerful change in the world or do more of what lights them up.

Because, yeah, to a big extent, if you're not making ends meet, and you don't have enough money, a lot of your time is put towards earning a paycheck and paying off debt and trying to make ends meet. But you can still be like generous in that way. But then with the money, then you'll be able to become more of who you are, become more generous and –

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FT: More impactful. Right, right. Make a bigger difference. Make bigger changes. A lot of your clients are women, and I just want to understand what you think maybe some of the unique challenges around money and fear that women experience and why. I mean, I have my theories, but I really want to understand what you think.

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HH: Yeah. I'm going to speak to a stereotype, and it doesn't – It's not for everyone. But just generally in our culture, when we talk about the fight, flight, and freeze response, well, fight is really in that predator part of the nervous system like, "Oh, I can like go out, and I can fight against this threat and embody that predator, being like a mountain lion or a jaguar."

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FT: Conqueror. Yeah.

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HH: Yeah. Whereas the flight, that's more like running away and being like a prey, like a bunny or something. Being in that prey or, also, the same with the freezing collapse is more that prey energy. I can speak from my own lived experience and women that I know, I know this isn't across the board, but fall more into that prey energy, where men are more like, "Oh." It's okay

for them to be in that like fighting mode, and then women falling more into that prey mode. I can speak to that in my own life.

What I see with women more so is leaning more into that avoidance and that shutdown around money. That can lead to financial difficulties that then compound and make it even harder to get unstuck from financial issues, when you're in avoidance or shutdown on money. So that's really what I see is common with women the most is feeling like a victim to money and not feeling like they can do something about it, just because of the cultural narratives that have been placed upon women that aren't true.

One thing that I help women with is embodying more of that predator energy like in their life. But then also, how does that translate into working with money? Not swinging over into being super hyper vigilant and controlling with it, but finding that balance place in the nervous system and in their lives, where they feel like they can do something about it and that they know what they're talking about.

Even if it's there's questions coming up, or you're talking to an accountant or someone, and they're using words that you don't understand, instead of being like, "Oh, I don't know. I don't understand this. I'm not smart enough for this," da, da, da, da, da. Like being in that energy of, "I'm important, and here are my questions that I'm writing down, and either you're going to answer them for me, or I'm going to Google them and find them out and come back to you from an empowered place." Where I feel like I can or my clients can hold their ground in a situation that maybe feels intimidating.

So giving yourself time and space, if you do feel like you're getting more into the avoidance or the shutdown, that's okay. That's your nervous system responding the best that it can based on its past. You're not choosing that. But just with this new information, knowing what you can do to kind of slow down the time and take your time and ask questions and change the narrative that you're saying to yourself within yourself, the self-talk from I can't do this to I can.

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FT: Yeah. I agree with that, and that I can't do this thought process really is something that's been handed down through the generations. It's not just sort of like cultural narratives, but it's actually like the systems. We have not been allowed into these conversations, into these exercises of making money, investing, taking on credit cards. This is all sort of newer territory for women, not because we've chosen to opt out. It's because we haven't been allowed. So sometimes, it's just even recognizing that and saying, "Okay, this isn't like in my – I'm not bad at money or I'm not bad because I'm not smart at math or whatever it is." No. You just have been told you're not good enough. Maybe not you directly but the line that you come from, the world that you come from has told you all of the things that have now shown up as fear, essentially, what's contributing to your fear.

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HH: Yeah, yeah. One thing I tell my clients is you think you're doing one thing, but you're actually doing something else. You think you're working on your money, but you're actually building the self-confidence within yourself that translates to better financial outcomes and overcoming fear with money. But it translates across the board and your whole entire life. Being able to embody that confidence in your life is – That's priceless.

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FT: Yeah. Hadley, you know one other exercise I recommend, if someone is afraid of money or a specific, maybe an aspect of their financial life. They're afraid of investing, let's just say. It's, I think, a lot of people sometimes. Especially younger adults aren't educated on the historical trends of the stock market and how all the things work. I say, okay, well, that's a fair opinion because maybe you haven't done the work of learning about how the stock market works. But I will say this to someone who's older and has a few more gray hairs, is that if you think investing is scary, I'll give you a scarier scenario. Arriving in retirement with no money because you didn't invest.

Sometimes, the funny thing is like the scarier you think – Think about the other thing that could be scarier and have that stimulus scare you towards the right move. Because so often, guests on this show have said that fear has been a motivator for them, right? They imagined the worst-

case scenario of losing their job, losing their house, and it encouraged them to think, right now, what can I do so that I can be in a safer place and protect myself ahead of something like that happening? If I really think something like that could happen, and it's probable, then what can I do to prepare for that?

They do the thing, and then they go back, and they go, "Thank you, fear. Thank you, fear, because it was the actual stimulus that got me to make the moves that I needed to make." Have you seen that often in your work?

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HH: I think that's a really, really good point because it's embracing it, embracing the fear and listening and saying, "Hello, I'm listening to you. What do you have to tell me," and expanding your capacity to feel fear and not just suppress it. Because as you said, there is wisdom, and there is knowledge and a message for people there, in terms of thinking forward to your 80-year-old self.

That's something that I share is like when we're making these money decisions, how can you make a decision for your 8-year-old self and your 80-year-old self. Eight-year-old self meaning you're doing what you wanted to do when you grew up. You're living a life that makes you feel alive, and it's fun. But then also for your 80-year-old self, thinking about how can I care for myself when I get older and will be living off of my retirement savings and investments.

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FT: Hadley Hagen, thank you so much for sharing all your wisdom with us. I really, really loved this conversation. You might be showing up in my book next fall because so much of this resonates with what I'm writing, and I think it's just great to hear your expertise confirm some of my instincts around this topic. So appreciate you. Thank you.

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HH: Thank you, Farnoosh. I really enjoyed the conversation too.

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FT: Thanks to Hadley for joining us. Visit hadleyhagen.com to learn more about her work. I'm also sharing a link in our show notes that will get you a free download, which is Hadley's playbook for bringing awareness to your money. Thanks for tuning in, everybody. Back on Friday with Ask Farnoosh, and I hope your day is So Money.

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