

LESSON PLAN

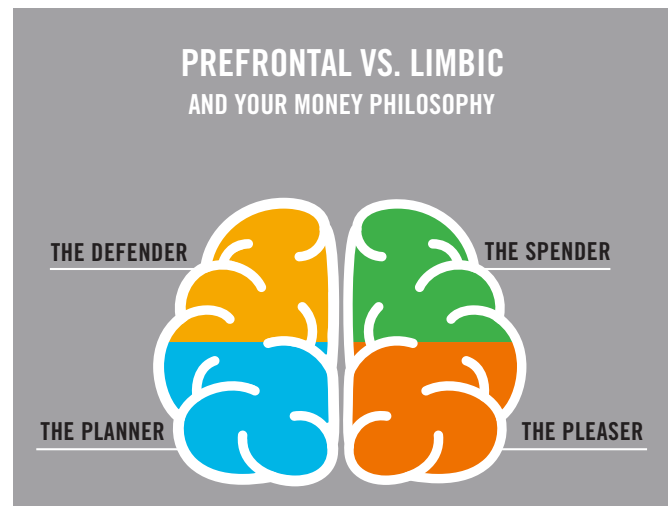
PSYCHOLOGY OF MONEY

SUMMARY

Before learning about budgeting, saving and other financial must-knows, it is important to understand why humans handle money the way we do, and why sometimes our brain is our own worst financial enemy. This course is intended to teach you **how** you can make good decisions instead of just telling you that **you should** make them. After all, we wouldn't expect someone to write a research paper without first learning how to write a sentence. It's like that when it comes to money, too!

Throughout our lives, we're conditioned to feel a certain way about money. Our Money Philosophy is the tendency that we have to make certain money choices, good or bad, regardless of what's considered rational. It can be influenced by our families, by our culture, or through our own experiences. The Money Philosophy Assessment was created to determine which part of your brain you use the most and the strengths and challenges that you may face financially because of that philosophy.

In order to understand some of the irrationality of our decisions around money, it is important to learn more about how our brain makes decisions. We have two parts of our brain that help us make decisions: the limbic brain and the prefrontal cortex. The limbic brain is the primitive brain or our "fight or flight" brain. When faced with a decision, emotions kick in and the brain responds with a quick (and sometimes detrimental) response. The prefrontal cortex is the decision-making and problem-solving part of the brain. Whenever your brain senses a threat, like making a financial decision on a limited budget, our limbic brain views the situation as a threat and tries to take over. That reaction means the prefrontal cortex has to take a back seat, giving up its ability to make a reasonable decision.



The good news is that even if you don't like all the qualities of your Money Philosophy, your brain can be retrained. Four ways you can retrain your brain:

- Mindfulness is the state of focusing your awareness on the present moment and calmly acknowledging and accepting your feelings, thoughts and sensations. This allows you to put your prefrontal cortex back in control so you make logic-based choices.
- Sleep on it or take a walk in order to help de-clutter your brain.
- Get a second opinion by talking with someone who has a Money Personality from the other side of the brain.
- Label emotions and reframe them.

OBJECTIVES

- Understand your individual money philosophy and how it influences your money choices
- Identify ways that external factors like emotions, family or even culture affect your money philosophy
- Understand how the brain is wired to respond to money and why it really wants to be lazy
- Identify ways to retrain your brain to work the way you want it to

CORRESPONDING POWERPOINT

[Psychology of Money Powerpoint](#)

RESOURCES

Supplemental Activities

- Before class, it might be helpful to have the students take the Money Philosophy Assessment in the [Psychology of Money](#) course in Financial Avenue. Provide students with the access code assigned to you by Inceptia/your school's Financial Avenue administrator so that they may create their user account.
- The Federal Reserve Bank of Kansas City created [this lesson plan](#) to explain Behavioral Economics. While it is geared toward junior high, it can be easily adapted for high school and college classes.
- [Risk/Reward Decision Making Activity](#) from Gustavus/Howard Hughes Medical Institute Outreach Program
- [Example Gratitude Practice](#)
- [Guided Mindfulness Exercise](#)
- Money Genogram is a sort of family tree that can help an individual or even a couple understand how their families used money, how they use money, how their siblings use money, and how their own offspring use money.
 - [Examples of Money Genograms](#) that could be turned into an assignment.
- Reframing
 - [A Practical Guide to Reframing Your Thoughts and Making Yourself Happier](#)
 - [Positive Reframing Strategies for Stress Relief](#)
 - [Cognitive Reframing in 5 Easy Steps](#) (scroll down to the bottom for Practical Tips)
 - [9 Positive Reframing Strategies That Helped Me Persevere With Paralysis](#)

Videos

- Financial Avenue Videos:
 - [Brainatomy](#)
 - [Mindfulness](#) (This is included in the PowerPoint)
 - [The Technical Stuff](#) (economics vs behavioral economics and decision making. This is included in the PowerPoint)
 - [What's Up with the Limbic Brain?](#)
 - [Why Your Brain is Lazy](#)
- [Thinking Fast and Slow video](#) about why we make the decisions we do based on the book *Thinking, Fast and Slow* (see book recommendations)
- [Whiteboard animated TED talk](#) *The Divided Brain* by Iain McGilchrist

Books

- [Thinking Fast and Slow](#) by Daniel Kahneman
- [Predictably Irrational](#) by Dan Ariely
- [Nudge: Improving Decisions About Health, Wealth, and Happiness](#) by Richard Thaler & Cass Sunstein