

Q&A: Expert Donna Skeels Cygan on Having a Healthy Relationship with Your Money

For most of us, money means stress, so recently I had a chance to talk with author Donna Skeels Cygan about how to find joy in finances. Donna is the author of the book *The Joy of Financial Security*, so she's the perfect person to talk to about the often troubling feelings that are associated with our bank accounts. She has worked for 6 years to unravel the complex relationship between money and happiness, to help readers implement strategies that can significantly improve their finances while also making them happier. Her book incorporates research from psychology, neuroscience, economics, and finance. It also contains personal stories from many of her clients, who are incredible role models for financial security.

I can say from personal experience that once I started being pro-active with my finances and started being able to make huge payments towards my debt money went from having very negative associations with it to actually becoming fun! Just goes to show you how much power taking positive action can impact your life!



Most people have negative feelings about their personal finances. How does your book aim to change the way people think about money?

I encourage people to “take charge” of their money. Oftentimes, people are intimidated by money and they don’t know where to begin to improve their financial situation.

There are several simple steps that people can take to improve their financial situation. One step is to determine how much they are currently saving, and then increase the percentage. The goal is to save 15-20%. If someone is saving 5% now (often in a retirement account through their employer), they should strive to increase their savings rate to 10%. There is a savings chart in *The Joy of Financial Security* and on the website www.joyoffinancialsecurity.com that helps someone determine how much they are currently saving.

The next step is to fill out a net worth statement. Again, the form is in the book and also on the website. This is important, because I encourage people to have a net worth statement as a starting point. They can then update it each year and they will see their progress (and become excited) as their net worth increases. It is common that people have bank accounts, investment accounts, and retirement accounts that are scattered among several different firms. By putting them all on a net worth statement, a person can start to look at the “big picture” and also look for opportunities to simplify their finances.

The Joy of Financial Security walks the reader through basic financial concepts such as risk tolerance, diversification, and asset allocation as it educates clients to understand their finances and take an active role in managing them.

Why do you think people have negative associations about their money?

Many people grew up with “money messages” (from parents or childhood) that were not healthy. This impacts the way we handle money today and all of our financial decisions. By becoming aware of these money messages, we can start to change the way we make decisions about our finances. There is a questionnaire in *The Joy of Financial Security* that can help you do this.

What’s the secret to becoming happy about your money situation?

I discovered 15 years ago when I opened my first financial planning firm that my clients who had a healthy relationship with money were happier overall, and the clients who struggled with money were less happy. In my opinion, the secret to becoming happier about money is to recognize that it is a tool that’s within our control. It should not be placed on a pedestal, and it certainly should not be given too much power. We each control our saving, our spending, and the way we manage our money.

How can readers become instantly happier about their money situation?

There are 3 steps:

1. Stop trying to “keep up with the Joneses”

The pressure to be materialistic is very toxic to financial security. I encourage people to very deliberately commit to not caving in to this pressure. This can also lead to rich conversations with our kids or grandkids, explaining that we are intentionally not keeping up with the neighbors/co-workers/relatives, and that instead, we are living within our means, we are saving for their college, for retirement, and for the future.

2. Focus on experiences rather than “things”

Psychology research consistently points to our relationships with family as friends as being a major contributor to our happiness. By putting more attention on these relationships and on experiences, we inadvertently take our attention away from being materialistic.

3. Other strategies

Work on simplifying your finances and your life, focusing on gratitude, and nurturing your creativity. All of these things can lead to greater happiness and a healthier attitude about money.

Does money buy happiness?

Money does not buy happiness, but it definitely impacts our happiness. Rich people are not necessarily happier than people with less money. The key is how you manage the money and whether you do it in a way that also increases our happiness.

How is your book different from other personal finance books? What do you hope readers take away from the book?

My goal in writing the book is to help readers understand that they can take control of their money and attain financial security. In doing so, they can also embrace the 40% of our happiness that is within our control and create a happier lifestyle. Although money and happiness sometimes seem miles apart, there are many parallels. I purposely made the book easy to read, and there are many personal stories that readers have said make the book more authentic.

How will this book change readers lives?

The book can impact a reader in several ways. Some of the reviewers who read early copies of the book said their “take away” was that managing your money wisely is not rocket science. The book walks readers through the simple steps to take control of their finances. The book also emphasizes recent research from psychology and neuroscience which tells us we have an enormous opportunity to become happier (by our choices, our attitudes, and our behavior), and even to retrain our brains to make better financial decisions in the future.

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