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## A Potpourri of Encounters and Impressions

# THE MONEY TRAP

REAL PEOPLE.  
REAL MONEY.  
**REAL MISTAKES.**

**FOREWARNED IS FOREARMED**

Large impulse purchases. Risky investments. Questionable business deals. There is no end to the poor financial decisions one can make, decisions that often impact an individual's life for years to come. These are the kinds of mistakes that a person looks back on and asks in bewilderment, "What was I *thinking?*" But perhaps the real question is "*Was I thinking?*"

There's a certain recklessness that comes with owing a lot of money, accompanied by the hazy notion that by some magic the debts will be paid back. But at one point the fog might clear and then the realization will hit: "I'm drowning and I must do something to save myself."



# EASY MONEY

## [ THE PLAYERS ]

**Name:** Shimon Stern

**No. of Children:** 7

**Ages:** 55

**Place of Residence:** Jerusalem

## [ THE LURE ]

**There's a certain recklessness and lack of regard for others that a person falls into when he's in money denial. It's so easy to borrow money — from friends, family, anyone you can convince to help you — when you delude yourself into thinking you'll somehow have the means to pay it back.**

## [ THE BACKGROUND ]

How much money did you spend today? Last week? Last month?

Your ability to answer that question says a lot about your level of financial awareness. After a few moments' thought, were you able to come up with a fairly accurate sense of the amounts? A vague ballpark estimate? Not even the foggiest idea?

The need for money is an inescapable reality in our lives. We all develop our own

relationship with cash and approaches to dealing with our finances, based on a conglomeration of factors, including inborn personality traits, learned behaviors from our parents, and level of financial education. Some personalities tend toward the frugal and detail-oriented, others toward the happy-go-lucky and spendthrift. A person who grew up in a home where money was spent loosely tends to have a very different approach toward his own finances than someone who comes from a home where money was very tight, or from a highly budgeted family. The amount of financial education children and teens receive about the money realities of adulthood plays yet another significant role in how they will deal with their finances once they begin building their own families.

Perhaps counterintuitively, one factor that does not determine financial health is income level. According to Meir Shterenberg, project director of JOIN Israel's Pitronot Advocacy program, a large number of clients who come to him for help pulling themselves out of financial holes are actually high earners.

"It doesn't matter how much you're making. If you don't have a sense of how much you spend, or how much you earn, then chances are high that you will overspend and fall into debt." Awareness, says Shterenberg, who spends his days counseling people in severe financial straits, is the key.

Shimon Stern is someone with an unusually high awareness of his finances. He can instantly pull out the little notebook that he carries in his pocket and tell you how much he has spent on any given day, down to the last shekel. But it's a hard-earned knowledge, acquired through years of sweat, suffering, and self-discipline. Here is his story.

## SHIMON'S NARRATIVE //

My story starts about 30 years ago, back in the early years of my marriage. I learned in kollel for the first few years, and during that time we lived simply and within our means. It was when I left kollel that my financial troubles started. In my mind, entering the working world meant it was time to move up financially — to buy a nice

apartment, furnish it well. Within a year, I was in debt for NIS 100,000 (about \$50,000 then).

How did this happen so quickly? A good chunk of that initial debt was actually swindled from me. In those days, I was importing and selling wallets. A certain company began to purchase a large quantity of merchandise from me, and paid for it with post-dated checks. One method banks use to extend credit is to cash post-dated checks up front, minus a commission. However, if the check eventually bounces, then you are responsible for paying back the bank. This company, which presented itself as a general marketing company, had carefully and fraudulently built up a sterling financial reputation, to the extent that two different banks were willing to extend me credit against their checks. However, the entire operation was a front for the Russian mafia, which was actually offloading my wallets at the Tel Aviv Central Bus Station and similar places, and had no intention of paying me for them. By the time their checks were due, they had scampered off... leaving me with a \$20,000 debt toward my bank.

That was the initial blow. I managed to convince the bank to forgive half of the debt, and some friends raised funds for me to pay off another quarter of it, but I was still left with several thousand dollars of debt and no capital. I realized I needed to earn some money fast. Luckily, an opportunity presented itself soon after and before I knew it, I had started a new career in computers. I found a job, which ended up being quite lucrative, and I was soon making NIS 15,000 a month – a very princely sum for that time, back in the '90s. With that salary, I should have been able to pay back my debt and move on in life. But I couldn't. Because it quickly became apparent that my financial troubles were far from over. Only this time, I couldn't blame them on the Russian mafia.

I had only myself to blame.

I have attention deficit disorder, undiagnosed at the time, which makes it difficult for me to manage a bank account. Yes, I was making a lot of money, but I was spending even more on vacations, or on household purchases that we didn't need and that I wouldn't dream of buying today. The trouble was, I had little idea of how much I was earning, and no idea at all of how much I was spending. I lived in a fantasy world, where things like bank balances and loans could be ignored, where I persuaded myself that the money would somehow, someday, come in, while in the meantime, I'd keep on borrowing. That the day of reckoning would never come.

Unfortunately, it always comes.

I reached the point where I couldn't pay my rent, couldn't pay back my many *gemach* loans, and couldn't face my neighbors in shul. My self-esteem was down to zero. When people fall into money denial, they go into a kind of shock. They lose their sense of judgment; they spend money because they don't have the money to spend. And they'll borrow from their family members, from their friends, from anyone they can convince to help them, deluding themselves that they will somehow have the means to pay these people back. Yet, in their heart of hearts, they know that it is highly unlikely they will have the money to pay back the loan, and they are, in effect, stealing from their loved ones. They recognize that they are living a life without integrity – and they hate themselves for it.

I went through 12 years of this, until, finally, I was able to acknowledge that I had a problem. I was NIS 600,000 (about \$150,000 then) in debt at the time. I sought out a therapist, who encouraged me to attend a Debtors Anonymous meeting. That's when I began to turn my life around.

Debtors Anonymous (DA) teaches that

## Why We Make Poor Financial Choices

If we were purely rational machines, then our financial decisions would be a simple mathematical equation. Is the money available or not? Do I need the funds for something else? How likely is this high-risk investment to fall through? Can I afford to lose the money if it does?

But we humans are, for better or for worse, much more complex, which tends to muddy our decision-making processes. Even on a good day, there are so many competing emotions and values that jockey for their share of our budget. ("No, I can't afford to pay \$5 for organic yogurt... but yeah, I'll buy that \$5 pint of gourmet ice cream.")

But for some, the implications go beyond five bucks, an ice cream binge, and some painful moments on the scale. In their book *Mind over Money: Overcoming the Money Disorders That Threaten Our Financial Health*, father and son psychologists Ted and Brad Klontz identify 12 types of money disorders, broken down into three categories:

### Money-Worshipping Disorders

These include: excessive **overspending** to the neglect of long-term financial needs, often to satisfy current emotional needs; **compulsive buying**, which is chronic overspending, often with an addictive component; **unreasonable risk-taking with money**, of which gambling is an extreme example; **hoarding**, which is often a manifestation of feelings of anxiety and an emotional need for security; and **workaholicism**, a focus on work to the exclusion of other life responsibilities, often stemming from a belief that the more money one earns, the greater one's self-worth.

### Money-Avoidance Disorders

These include: **financial denial**, when a person avoids facing financial reality by refusing to look at his bank statements and bills; **financial rejection**, guilt feelings over amassing any significant amount of money (this particularly affects those with low self-esteem); **under-spending**, or difficulty spending money for any nonessential, even when one has plenty of savings; and **excessive risk-aversion**, which is an irrational fear of making major financial decisions, such as investing one's savings or purchasing a large but necessary item like a home appliance.

### Relational Money Disorders

These include: **emotional infidelity**, hiding information about major purchases or debt from one's spouse; **financial enabling**, repeatedly giving money to someone at the expense of his being able to take responsibility for his actions and move beyond his disordered behavior; and its partner in crime, **financial dependency**, avoiding taking responsibility for one's own actions, choosing instead to remain dependent on others.

they can only help you once you're able to look yourself in the mirror and say, "I owe money and I must do something about it." Once a person is able to acknowledge that he has a problem, the group will help him overcome it. I came to understand that the only way for me to pull out of my unhealthy relationship with spending was to keep careful account of every single shekel that came in and went out. I keep a little notebook in my pocket, and any purchase that I make — even a one-shekel roll at the *makolet* — gets recorded. Once a month, I go over my records with my DA sponsor. Knowing that I will have to report each purchase forces me to stop and question whether the purchase is really necessary.

Today, only a quarter of my debt remains — and that's after making several weddings. I've achieved a measure of self-discipline and regained my sense of worth. I've also become a DA counselor. I've heard so many stories now. People who are living off a NIS 35,000 monthly inheritance — yet still aren't making it. People who live in denial to the extent that they won't open their mail for fear of seeing bills and credit notices. We once went to a DA member's house and opened for him two large sacks of letters. For people like these, *gemachim*, or parents, or anyone lending him money to get out of his temporary hole are actually serving as enablers.

Thank G-d, I've personally moved beyond that place. Though my debt remains the bane of my life, it has also proved to be its blessing. ●

*The narrator can be reached through Mishpacha for more information about Debtors Anonymous and how to navigate out of debt.*

## Climb Out of the Hole

If a person recognizes that he has issues with money that are causing harm to his family's security and his own equilibrium, it is important to turn to an experienced financial advisor and/or therapist. However, there are certain general steps a person can take, says Meir Shterenberg, if he finds himself falling into a money hole:

**Build awareness.** Keep a strict accounting of the amount of money coming in and going out of your bank account. Without this basic awareness of your financial state, it is impossible to take even the first step toward improving it.

**Let go of the fantasies.** The delusion that the big break is about to happen, that vast sums of money will somehow land in your lap tomorrow, is the signature of a money disorder. "We train a person to assume that the only money he can count on is what's in his bank right now," says Shterenberg. Not on some "guaranteed" business deal, not on some rich uncle. "These are the tricks of the yetzer hara." On that note, he adds that people will sometimes hide behind *frumkeit* in their persistent avoidance of reality. "I'm a *baal bitachon*. Hashem ya'azor. I'll get the money somehow." Denial is not *bitachon*. And taking money from other people with no realistic means of paying it back is not *frumkeit*.

**Don't fall into the "virtual" worldview.** Fantasies aren't only in our heads; much of the world around us contributes to their perpetuation. A person who trades millions of dollars at the click of a mouse will have much less of a conception of real money than the building cleaner who has a few hundred in his pocket and knows just how many hours of mopping went into earning it. Appreciate the value of real money. By the same token, understand the way advertisers work at transforming wants into needs, and how subtle and pervasive the marketing bombardment is.

**Stay away from temptation.** Pay attention to your spending habits. We all have our

purchasing triggers, those unnecessary items for which we find ourselves most tempted to lay down lots of good money. If it's clothing, avoid the mall. If it's electronics, keep away from electronic stores. Avoid reading ads about those items.

**Swallow the shame.** Is it painful to admit you have a problem? Of course it is. But the alternative is so much more painful. With our human tendency to exceptionalism, most of us fail to grasp that we aren't the only ones in history who have ever had our problems. "With so much of the population in debt — particularly in the chareidi sector — it is highly likely that many people you know are going through exactly the same problem," says Shterenberg. The truly shameful thing is to live your life without dealing with it.

**Don't do it alone.** Meet with a financial advisor, or turn to an organization like Mesila, Paamonim, or Maazanim, that helps a person to gain control of his budgeting and develop productive strategies and habits. If necessary, discreetly speak to someone at Debtors Anonymous. Ask *sh'eilos* from a *posek* or qualified *rav*. You may be tempted to do things that are gray areas at best, and often completely *assur*.

**Don't drag others down with you.** Don't turn to others for loans, guarantee signatures, checks, or major financial assistance until you have a well-developed plan with a seasoned financial advisor for how this step is ultimately constructive.

**Make a firm commitment to yourself and your spouse to address the problem.** Financial difficulties cause a tremendous strain on *shalom bayis*. Decide to make this a primary focus, with a firm determination to succeed. Keep up the diligence and hard-work, and daven for *siyata d'Shmaya* with the realization that you need His help.