

Money Management Tips by Diagnosis

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NOTE: If you read this and think, “I do that! I must have that disorder,”—STOP! There is much more involved in determining any diagnosis. These behaviors are common in many people and do not necessarily indicate a disorder, although people with these disorders are more vulnerable to these pitfalls. If you think you might have AD/HD, bipolar disorder, or depression, see a licensed psychologist or counselor for a full assessment and comprehensive treatment.

The Diagnosis: AD/HD

The Danger: Impulse purchasing

- Impulsivity is a hallmark of AD/HD: You see it, you love it, you buy it. “It’s so cool, it’s right here, and if I don’t buy it now I know I’ll forget about it!” The trick is to hit your mental pause button before making any unplanned purchase and give yourself a way to remember without spending. Try this: Start a list of things you want and carry it with you every time you go shopping. Whenever you see or hear about something you want—a CD or DVD, a software package, a book—add it to your list. In this way you can capture the idea without wrecking your budget.

Another Danger: Neglecting bill-paying and account management

- It’s easy to never get around to these boring and tedious tasks—until the bank calls because checks are bouncing, your credit card won’t work because you haven’t made a payment, and a big red sticker appears on your door saying they’re shutting off your electricity tomorrow. The biggest irony is when you have the money to pay these things and just haven’t done it! If this happens to you a lot, you need to delegate this task to someone else. No one is good at everything, and there is no valor in trying to force yourself to do something that you’re not good at and that you hate to do. Outsmart the problem: Have a trusted relative or friend handle it for you, or hire a bookkeeper or a new type of helper, a “daily money manager” or DMM. See the American Association of Daily Money Managers at www.aadmm.com for a referral to one near you.

The Diagnosis: Bipolar Disorder

The Danger: Mania-driven spending sprees

- If you have bipolar disorder, your top priority is complying with treatment. Find doctors and counselors you trust to give you good advice, and then follow it. Take your medication, and manage any side effects with your team of experts. You know how disastrous a manic episode can be; spending sprees are only one of many serious consequences. To reduce the risk, have only one credit card with a low limit, and give your family and friends permission to be firm in stopping you from overspending. Keep your savings in investments that cannot be easily or immediately liquidated, like three-month CDs. Choose one close, trustworthy person and give him or her access to your bank and credit card accounts (e.g. the login IDs to check the accounts online), and ask that person to check up on your spending any time he or she sees signs of mania ramping up.

The Diagnosis: Depression

The Danger: “Retail therapy”

- People joke about it but it’s no laughing matter. Compulsive shopping is a real problem for some people; unchecked, it could cost you your retirement savings or your home and it can easily and quickly destroy your credit. If you have depression, this might be one way you try to comfort yourself. The truth is, depression can’t be fixed with a pretty new outfit, a snazzy new car, or a tummy tuck, any of which is in reach with a high enough credit limit. If you are in treatment for depression and find yourself spending more than you should or buying things that you really don’t need or that leave you feeling guilty, talk to your counselor about it and ask for help.

Another Danger: Avoiding bill-paying

- When you’re depressed, it’s hard to get out of bed, let alone deal with bills and other paperwork. If the thought of even opening the mail leaves you feeling frightened, exhausted, or sad, and you haven’t been able to do it, talk to your counselor and ask for help. Consider having a trusted person manage the bills for you until your depression improves or hire a daily money manager, or DMM, to take over the task. See the American Association of Daily Money Managers at www.aadmm.com for a referral to one near you.