

I Have 45 Months' Worth of Savings in My Rainy Day Fund. Why Do I Still Feel Poor?

How to override your lifelong anxiety about money.

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No one expects the worst to happen. But jobs aren't permanent. Good health isn't guaranteed. In general, bad things can happen. Which is why it's so important to have a fiscal safety net to catch you and your family while you figure out the next move. The general rule of thumb is to save three to six months worth of pay as an emergency fund.

Alexandra has 45 months squirreled away in her rainy day fund.

Growing up poor with a single mom, Alexandra was often unhoused. And so as an adult she's worked hard to find financial stability. For the last seven years she's earned a good salary as an attorney as has her partner who's an engineer. Logically, Alexandra knows she doesn't need that much money sitting in her savings account. Her friends say she should invest it in the stock market or even buy the new house she and her partner have been eyeing. But she can't bring herself to part with the money because, on some level, it's the one thing that's preventing her from feeling financially insecure.

On a recent episode of How To!, Athena Lent, [Slate's Pay Dirt columnist](#) and founder of [Money Smart Latina](#), opens up about her similar upbringing to Alexandra and how it affects the way she views money. She advises Alexandra on how to change her relationship with her bank account so she can make big purchases without feeling panicked. This transcript has been condensed and edited for clarity.

David Epstein: Alexandra, your savings seems to operate as an auxiliary plan if the rug was taken out from under you. But it also seems like a source of anxiety, correct?

Alexandra: It makes me feel sick to think about spending money because, to me, money is security.

My dad left us when we were young, leaving my mom to be a single mother. She worked as a teacher and had a low income. She also suffered from mental illness but was a wonderful mom and loved us a lot. However, there was a lot of instability. There were times when we didn't have enough food to eat or we couldn't afford to pay the heating bills. We lived in a hotel for a period and with family. Because of this, I've always had a lot of anxiety around becoming homeless, having to depend on other people, and not having money.

David: Are you frugal in general or just with big decisions?

Alexandra: I've always been very frugal. My boyfriend is an engineer and grew up in very different circumstances. Luckily he's a saver but we've had fights about money. I remember early on in our dating life I wanted to buy a doughnut but didn't have cash. He offered to pay for it using a credit card but there was a 50 cent charge. I was like 'no, we can't waste that money. We might need that 50 cents.' So we had a fight about it. I realize that sounds so ridiculous but to me you never know if you are going to need that 50 cents.

David: Is this still a source of conflict with your boyfriend or has he come around to it?

Alexandra: He's sort of adjusted to it and, for this reason, we do keep our finances pretty separate. When my parents separated, my dad bought a car in my mom's name and did some other things to give her bad credit as revenge. So that's another source of fear. I never want anyone to have access to my money.

Athena Lent: You've had some pretty traumatic stuff happen to you as a child and just because you aren't standing on the street corner asking for money doesn't take away from your childhood and your experience. I just want to share that because it's OK to say 'hey, this bad thing happened to me.' A lot of dealing with our trauma is admitting it.

Alexandra: Yeah, it feels disloyal to my mom though.

Athena: You know what? It's totally going to and that's fine.

I was homeless as well growing up. My mom was a single mom and passed away right in front of me when I was a freshman in high school. I was passed around from relative to relative to be used for my social security checks. I ended up living with friends off and on in high school. I was truly homeless and that sucked. And I just want to tell you I'm sorry that happened to you. No wonder you flinch when you think about spending money.

Have you heard of a money script? A money script is your belief system. It's things you tell yourself about money and it doesn't have to be right or wrong. It's just what you believe. Like a lot of other beliefs in life, it comes from when you are younger.

You associate money with your living situation. Your mom didn't have money to pay the bills and you guys ended up living with a relative. So, in your head, you're automatically thinking 'OK, if I don't make rent or my mortgage, I'm going to have to live with a relative. Your boyfriend is an engineer so I'm going to assume that if for some reason you couldn't make your mortgage one month, he could cover for you. So you don't necessarily have to live with a relative if you can't make your mortgage. But your mind is going to consistently tell you that because that's what you believe. That's what happened when you were younger.

I don't think you give yourself enough credit because you were so busy trying to survive when you were younger that now you're thriving and it's scary to you, right?

Alexandra: Yes. It feels like it will be taken away. Like if I do something wrong it could just disappear.

David: Athena, I was wondering if you had to work on your own money scripts to get to where you are now?

Athena: Oh gosh, did I ever! When I started actually making money, I couldn't hold onto it because, in my head, it could be gone at any moment. As a result I developed a shopping addiction. So for me that looked like

having a new purse all the time or spending money to get my hair done or makeup done instead of actually fixing what was wrong with me and why I needed that happy hit in the first place.

Alexandra: That's so funny. My sister is exactly the same way.

Athena: Because everyone is different and you're either going to hoard your money or you're going to spend it out of control and that's what I did.

David: Athena, you reacted to your history with money in the polar opposite way than Alexandra. How can she start changing her money scripts or excavate the core problem?

Athena: Alexandra, you are resilient. You now have a career. You have a partner who, I'm assuming, loves you to bits. So the hardest part of your life is over and you survived it.

So one of the things I recommend to help you work on your perception of yourself is to journal for 30 days. You can ask yourself: 'Why do I have this belief about money? Why do I hold on to money?' No one is judging you. You'll be surprised what your brain will tell you.

What would a healthy relationship with money look like?

Alexandra: Oh my gosh, I can't even imagine that. I guess it would be knowing I have enough money and not feeling anxious about spending it. But making sure I'm not living outside of my means.

Athena: So you can start by telling yourself: 'I have enough money. I'm good.'

Alexandra: OK, so right, so right now I have forty five months of emergency fund, so to speak, and I know that I only need to have six. So does that mean that if I spend the rest on, let's say, a down payment, that I can tell myself 'You're OK?'

Athena: You said you have forty five months. Almost four years. So maybe 12 months goes into a high yield savings account for an emergency fund and then maybe 12 of those months you go open up a money market account or an index fund, get some index funds going, and then maybe you can spend like one year or two years of that towards your down payment.

Alexandra: That makes sense. I do think that would help.

Athena: You know, I remember earlier in the conversation you were going on about that 50 cents and you were like, 'No, we can't spend that 50 cents!' And I think when you catch yourself doing those kinds of things, you need to just be nicer to yourself, if you can, and just say, 'You know what, I'm sorry I freaked out about that 50 cents, but I no longer need to worry about that 50 cents. I'm OK. I'm safe.'