



C. Financial PTSD and the Scarcity Mindset



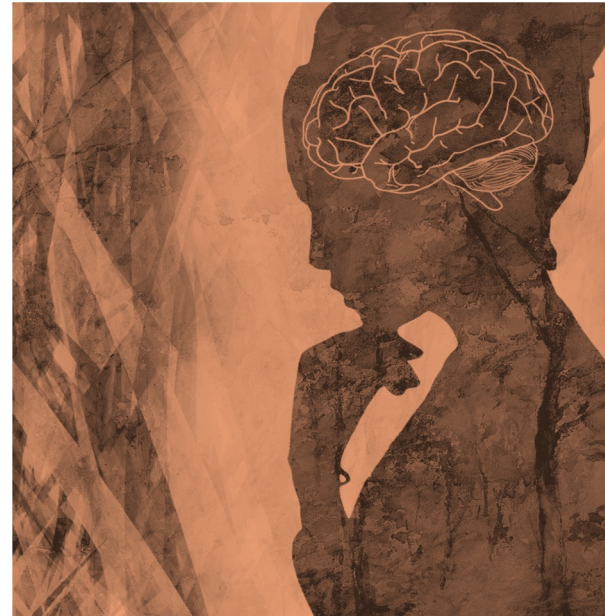


Trauma and financial behavior are deeply interconnected.



FINANCIAL PTSD

“It is the **physical**,
emotional and **cognitive**
deficits people experience
when they cannot cope with
either **abrupt** financial loss
or the **chronic stress** of
having inadequate financial
resources.”



“It interferes with ability to carry out **normal work** and **home life functions**, and manifests in multiple areas of the person’s being.”





[Chloe McKenzie's interview in BadWithMoney podcast](#)

5 Automatic Trauma Responses

1. Fight
2. Flight
3. Freeze
4. Appease
5. Dissociate



- Negative thought patterns, rumination on failure
- Concentrating is difficult
- Perceived hostility, “only a matter of time for the other shoe to fall...”



- Unresolved nervous energy: chronic insomnia, nightmares, jitteriness
- Fears mail, texts, phone
- Coping mechanisms take over: avoidance / substance abuse

Financial PTSD (feedback from local Tucson advocates)

- Difficulty building trust between advocate and client
- Secretive about \$
- Overspending / Emotional Spending
- Underspending

Scarcity Mindset



Our brain is less effective
when we feel that we lack something.

Scarcity Mindset



DIMINISHES ABILITY TO PLAN
AHEAD & PROBLEM-SOLVE

CONFUSION, MEMORY PROBLEMS,
& LANGUAGE ISSUES

MORE LIKELY TO MAKE MISTAKES
& BAD DECISIONS

