

Managing Money and ADHD



It's bad enough that managing your ADHD can be costly. On top of that, many ADHD symptoms such as procrastination, disorganization, and impulsivity are contrary to the skills needed to manage your finances. Although there has been no published research specifically concerning financial issues and ADHD in adulthood, we can derive techniques that compensate for those symptoms by applying behavioral and financial principles grounded in best clinical practices.

Your Relationship to Money

If you would like your finances to be hassle-free, without the fear of being overdrawn on your checking account, being turned down for a loan, or having your lights turned off, you'll need a plan. In order to make a plan that you can stick to, you'll need to recognize your weak areas so you can work around them.

Most people with money problems believe that not having enough money is their primary problem and are unable to pinpoint their specific difficulties. But the real problem for many adults with ADHD lies with one or more of the following issues:

- losing checks, not keeping track of checkbook balances, or bouncing checks
- losing bills or not paying them on time, thereby degrading your credit score
- impulsive spending or buying things on a whim
- large credit card balances
- forgetting when the car payment or mortgage is due

- not saving for big-ticket items such as unexpected repairs, new appliances, vacations, children's college, or retirement
- being disorganized with papers, making it impossible to locate them at tax time
- procrastinating doing taxes
- not saving for the future

Needs vs. Wants

Every good plan begins with a goal in mind. In order to manage your finances in a sustainable manner, begin with a clear picture of your current living requirements, to define your:

- **Fixed expenses** such as housing, utilities, loans, transportation, dues, etc. These are the expenses at a fixed dollar amount that you must pay to avoid penalties.
- **Variable expenses** with an average amount or range. This is what you typically spend on food, gas, clothing, entertainment, etc. These are expenses that could be higher or lower, depending on circumstances (e.g. how many hungry teenagers in your household) as well as self-control (e.g. how many times you eat out, how many new shoes you buy).

Be sure to include not only the expenses you see every day, week, or month, but think about



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quarterly or annual expenses, too, such as taxes, homeowners' fees, memberships, etc.

What's left over after those expenses is your disposable income. This is what you will use for future expenses, such as those unexpected repairs, vacations, college, retirement, etc. What you do with your disposable income will depend on:

Your personal situation:

- whether you're married or single, have children to support, have elderly parents who may need assistance, etc.
- whether you have retirement plans provided by your employer or must save for retirement yourself

Your lifestyle preferences:

- For example, some folks value beauty in their home, so they may spend more on decorating and remodeling than someone who values adventure and travel.
- Some people may value education more than a new car, while others may value having the latest safety features from driving newer cars.



Your Vision for Your Lifestyle

Whatever your special circumstances, you will need to clarify your values and how much money you will need to live the life you desire. Doing this will:

1. help you know your unique values
2. help you recognize when your spending is not in alignment with your values
3. contribute priorities to your budget or

spending plan

4. motivate you to take the necessary financial actions

Take some quiet time to reflect on what you value. Let yourself imagine this lifestyle. During this exercise, jot down notes to yourself until you get some clarity. The following questions may help you:

- How would you spend your day if all your money woes were magically taken care of?
- What type of home would you live in? Where would it be located?
- What type of furnishings would you have?
- What colors, textures, and space would surround you?
- What would you be wearing?
- Who would be with you?

If you're more of a visual and artsy person, you can make a collage or painting with pictures that depict ideas, scenes, moods, or objects that you desire to have.

Establish Short-, Mid- and Long-Term Goals

Once you clarify your vision and identify your problem areas, you can set short-, mid-, and long-term goals for improving your finances.

- **Short-term goals** may include such things as cutting up credit cards, saving \$5 per week, curbing eating out, or keeping your papers together.
- **Mid-term goals** may include saving for a vacation, saving for furniture replacement, or gradually paying off debts.
- **Long-term goals** may include saving for college tuition or planning for retirement.

Prioritizing these areas poses a special challenge because successful money management means paying attention to all of them. It is advisable to break down each task into small action steps and incrementally build your confidence until you are attending to the whole financial picture.

Organizing Financial Papers

Many individuals with ADHD get into financial trouble because they lose money, bills, and

checkbooks, can't find the necessary papers at tax time, or just don't plan. This disorganization is no different than the general disorganization of an individual with ADHD. However, losing financial papers often can have serious consequences, such as not being able to do your taxes correctly or on time, having your insurance cancelled from not paying your premiums, or incurring late fees.

To avoid misplacing or losing financial papers, have a special spot in the house where all financial papers can be stored. This can be a filing cabinet, desk drawer, special box, large plastic envelope, or a large basket. This central location should be near where you open the mail. You can also include a calculator, stamps, envelopes, and anything else needed for paying bills.

- **Daily Mail Routine.** It is often helpful to develop a daily routine for opening the mail in a timely manner, particularly those related to money. This means that when the mail arrives and is opened, "money papers" are immediately separated from the rest of the mail and placed into the special container. These papers include checkbooks, bills, bank statements, legal papers, insurance papers, checks to be cashed, and extra checks. Anything that has a designated account number is important and needs to be immediately separated from the remainder of the papers.
- **Files with Dividers.** Dividers with file names such as home-related, grocery, gifts, utilities, bank statements, personal, car and fuel, hobbies, and insurance can be placed in the container. These file names should reflect your lifestyle and should be kept simple. Some people find it helpful to color code or label files that will be needed at tax time. A sophisticated filing system is not necessary at first—at the very least gather the money papers in one spot. Over time, this organization will become routine. Consult [Organizing the Home and Office](#) for more organizational tips.
- **Paperwork Flow System.** A "paperwork flow system" may also be helpful. This is

a system in which all the money papers "flow" to one central location. For example, "temporary holding tanks" are designated in the wallet, purse, planner, and car, which hold money papers and receipts until they can be placed in the special money location. These temporary tanks can be clear plastic envelopes, fancy shoeboxes, plain envelopes, or even more simply, a special spot in the wallet for receipts. Whichever "tank" you use, be consistent in placing money papers in that specific location; then periodically (weekly or monthly), these papers can be transferred to the central location.

Curb Impulsive Shopping

Impulsivity, one of the hallmarks of ADHD, can lead to financial difficulties. Impulsive shopping and spending is defined as any purchase you did not plan to make when you left the house that morning, any purchase that is not a part of your budget, or any purchase that you don't need. For an adult with ADHD, this spending happens spontaneously and without warning. Here are suggestions for curbing impulsive spending:

Institute the "need vs want" filter. Before buying anything, think very critically regarding whether you actually need the item, it's a part of your financial plan, or you simply want it.

Put a block between your money and the urge to spend it. Avoid using credit cards and ATM machines. Don't carry your checkbook with you. Determine in advance, through your budget process, how much unallocated "spending money" you can allow per day, week, or pay period; do not carry extra cash beyond that. Consider having another signer on your checking account.

- **Avoid Temptations.** Identify and stay away from problem areas that are your "weak spot" such as malls, favorite stores, arts and crafts shows, online websites, home shopping channels, and newspaper circulars. Throw out catalogs as soon as they arrive. You can also cancel catalogs and stop them from coming in the mail through [Catalog Choice](#), an online service that helps reduce junk mail.

- **Shop with a List and Stick to It.** Don't shop for groceries when you are hungry. Before you go to the store, call a friend and commit to your shopping list. When you are done, call them again to report that you have adhered to your list.
- **Bring a Calculator to the Store with You.** Being able to add up purchases as they accumulate can help you monitor just how much you're spending in real time.
- **Wait a Certain Number of Hours Before a Purchase.** If this time elapses (say 24 hours) and you decide that you still need or want the purchase and have the money to buy it, then buy it.
- **Unsubscribe from Company Email Lists.** These emails are designed specifically to get you to visit the company's website. They include marketing come-ons like "Last chance to save," "First 100 responders get \$10 extra savings," and "Save 40% now!" They're all crafted to get you to spend money and impulsively shop. Unsubscribing from these lists can help you avoid getting sucked in by these marketing tactics.
- **Find Fun Hobbies or Things to Do That Are Free or Inexpensive.** Shopping shouldn't be the main pleasure in life. The world is filled with a vast array of stimulating activities for an individual with ADHD to do. Explore neighborhood museums and libraries, attend local lectures, join support groups or clubs, visit public parks and learn about nature, or participate in sports. Every community has free concerts and live performances. Seek them out.

Cut Up Your Credit Cards

Reasons to get rid of your credit cards:

- Credit cards promote impulsive spending.
- They are easy and convenient to use and very damaging for a person who has a hard time prioritizing financial commitments.
- The average person spends more when using a credit card rather than cash.

If you have large balances on your credit cards and don't remember what you purchased, you would probably be better off without a credit

card. Write to the companies and close these accounts even if there are balances to pay off. Credit cards and the debt that can easily accrue can take a person in the wrong financial direction. Balances build up rapidly from interest, late payment fees, and over-the-limit charges. This accumulation will rapidly turn small purchases into very large expenses. Paying only the minimum amount due on a large credit card debt means it could take 30 years to pay off the entire balance. If you are in the habit of not paying off credit card balances, the next time you use your credit card, ask yourself if you love the purchase enough to pay for it over 30 years.

More Suggestions for Dealing with Credit Cards

Until you are ready to close your accounts, have a trusted friend or loved one hold your card. Writing a check to the credit card company immediately after making a credit card purchase is another temporary solution until you are ready to cut up your card.

Place a sticker on your credit card that symbolizes some aspect of your vision. This way, when you pull out your credit card, you will be reminded of your longer-term goals and possibly pause long enough to ask yourself if this purchase is necessary.

Some individuals have even put their credit cards in a container filled with water and frozen them. By the time they defrost the credit card, the urge to make the purchase has often dissipated.

Keeping Records: Know Where Your Money Is Going

The next step is to keep track of where the money is going. Carry a little notebook and begin to keep track of all your purchases. Record even small purchases, such as 30 cents for the parking meter or \$1.39 for a candy bar. Don't forget to record your online and mobile purchases as well. Other tracking systems, such as smartphone apps, a calendar, or an extra checkbook register, may suit you better than the paper version.

Successful money management demands that you be able to account for your money. Keeping a record of purchases helps curb impulsivity and lets you know whether you are spending

your money where you want to be spending it—toward the things you love and toward your vision and values. As spending is tracked, certain categories will naturally emerge. These categories are different for each person, but the main categories for many include parking, groceries, restaurants, snacks, coffee shops, books, gasoline, clothing, newspapers, cosmetics, household items, donations, and hobbies. As you continue to record your spending, you will no longer have to wonder where all your money goes.

It may be difficult for adults with ADHD to write down all of their expenses, but do the best you can. Try keeping track of expenses for one week or several weeks at first. Enlist the help of a spouse or a trusted friend in recording all your expenses. Try dictating them into a small hand-held recorder, as a voice memo on your smartphone, or using a cell phone to record expenses as messages on your home answering machine. Even if you do not keep a perfect record of every expense, the records that you do collect will help you move forward in changing your money management habits.

Determining Expenses and Developing a Spending Plan

One secret to healthy financial management is to plan for all expenses every single month. For instance, many people with ADHD have difficulty remembering that the insurance bill is due in 2 months so they impulsively spend or splurge on the latest electronic gadget or a vacation. The impulsive, live-in-the-moment lifestyle of the individual with ADHD makes it difficult to remember upcoming expenses.

Collecting records of all your spending can pave the way for you to create a spending plan. The spending plan or budget can help keep these upcoming expenses at the top of your mind and ensure you plan for them every month and don't forget. It involves figuring out a certain amount of money that you will require each month for each spending category in your life. It is easier to construct a spending plan monthly rather than annually since most utilities and installments are paid monthly. Follow the steps below to develop a simple spending plan. Spreadsheet software

can be helpful in developing this spending plan.

- Make a master list of all your expected expenses. Gather these figures from past purchases in your checkbook records and credit card statements from the last 12 months.
- Add up all the expenses from the past 12 months and divide by 12 to get your monthly total expenses.
- For weekly expenses, multiply them by 4.3 to get the monthly amount (there is one third of a week extra per month).

Once you set up your spending plan, here are some suggestions helping you stick to your budget and track your purchases.

Envelope system: Label a series of envelopes with the names of the major categories of budget items. When you get a paycheck, cash it and place the amount of money allocated for each category in the proper envelope. Whenever an expense needs to be paid, use the money from the appropriate envelope. When there is little or no money left in a given envelope, you will know that you have spent the allocated amount for that category and should stop making further purchases in that category until you receive the next paycheck. Using an envelope system ensures that the proper amount for necessities is available when they are due.

Checkbook recording: Record every monthly expenditure in your checkbook at the beginning of the month so you will know when they are due. It may be helpful to eliminate paper and arrange for utilities, car payments, and house payments to be automatically withdrawn from your bank account.

Special savings: Open a special bank account for large ticket items and fluctuating categories—such as vacations, car repair, clothing, and home repair and replacements—and make a monthly deposit into this account.



Emergency account: If you are consistently faced with sudden, unexpected expenses such as car repairs, dental and medical emergencies, roof leaks, and other household problems, then open a special account for these sudden “emergencies.” Remember, most cars break down, teeth need repair, and homes need maintenance. They are a predictable part of life, so plan ahead for them.

Financial calendar: Use a yearly calendar to track financial obligations exclusively. Individuals with ADHD find it helpful to have a visual reminder of their financial obligations. At the beginning of each month, record all incoming money and also all major financial obligations for the month such as rent, utilities, insurance, and payments due. After these are filled in, fill in other allocations such as groceries and fuel, because these are also necessary expenses. By using a calendar like this, you can see clearly at the beginning of each month what your obligations will be. Refer to this calendar daily. Some people also find it helpful to record the expenses that will be due later in the year.

March 2017						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 Mortgage -\$657 Car Payment -\$328	2	3 Pay check +\$900	4 Fuel -\$20 Groceries -\$80
5	6	7	8 Electric -\$27.43	9	10	11 Fuel -\$20 Groceries -\$80
12	13	14 Cable bill -\$63	15/ Phone bill -\$29.15	16	17 Pay check +\$900	18 Fuel -\$20 Groceries -\$80
19	20	21 Cell Phone -\$47	22	23	24	25 Fuel -\$20 Groceries -\$80
26	27	28 Car Insurance -\$85	29 Visa Payment -\$300	30	31 Pay check +\$900	

Paying Off Debts

As mentioned before, success with finances demands the elimination of debt and the prevention of new debt. To pay off debt, make a list of all your debts including credit cards, outstanding debts to doctors, dentists, friends, and family, and loans from 401K plans.

Make a chart like this so you can see your total debt:

Creditor	Total Balance Due	Payment Due Date	Minimum Payment	%Rate
Visa	\$4,512	02/21/2017	\$135	16.3%
Uncle Joe	\$2,000	03/22/2017	\$20	0/0%
Dr. French	\$1,300	9/24/2017	\$13	6.5%

If you are in serious debt, this may be an emotionally painful task. Do it anyway. Talk with a trusted friend or therapist to help deal with the emotional pain. Prioritize paying down your debts, having the highest interest rate and/or the most overdue first. Call creditors to ask for a lower percentage rate or reduced late fees. In some cases, you can negotiate with creditors for a reduction in the amount you owe if your employment circumstances have changed. Arrange regular payments with creditors and stick to the plan. Do not promise more than you can realistically pay. They are less likely to cooperate if you don’t keep promises, don’t stick to what you have agreed to pay monthly, or are late with payments.

Savings

The savings habit should begin immediately, even if it means starting with a piggy bank and making weekly deposits of small amounts, even 50 cents or \$1.00. No matter how high the debt load, a savings habit needs to be developed. Start small and be patient with yourself as you learn this new habit. There are different purposes for saving money:

- *Short-term expenditures:* These include items like a new refrigerator, a vacation, or insurance payments due annually or semi-annually.
- *Mid-term expenditures:* These include children’s education, a down payment on a new car, or the purchase of a new home.
- *Long-term future savings:* These include retirement. This type of savings is especially difficult for an individual with ADHD to conceptualize because there is no need in the here and now to be saving. Nevertheless, the day will come when you’ll need this money to live on.

The solution for all of these savings needs is to make saving money fun and visual. For instance, some people find it helpful to use a cute piggy bank for certain expenditures; others find

Daily

- Open and sort bills; discard catalogs and “buy” solicitations (5 minutes)
- Place money papers in a central location (less than 5 minutes)
- Record spending (less than 5 minutes)
- Review vision and budget if over spending (less than 10 minutes)
- Keep a daily account balance on checking accounts (less than 5 minutes)
- Resist impulsive spending

Weekly

- Pay bills: write checks and mail them; mark date paid and move paid bills to folder marked “PAID” (10-20 minutes)
- Review expenses for the upcoming week (5 minutes)
- Go to the bank; deposit checks and withdraw needed cash for the week (20 minutes)
- Add up weekly spending, especially in problem categories (10 minutes)

Monthly

- File “PAID” bills into appropriate files (5-10 minutes)
- Reconcile bank statement (30 minutes)
- Compare actual income and spending to budgeted allocations (5 minutes)
- Assess areas of overspending

Yearly

- Collect money papers for tax preparation (1 hour; no later than March 15)
- Create a financial vision for the upcoming year (30 minutes)
- List large expenses for the next year: assess necessary repairs, clothes needed, major gifts, and travel (10 minutes)
- After tax preparation is complete (no later than April 14!), box up money papers, label with appropriate year, and put in storage (30 minutes)

it helpful to use an envelope with a photo of whatever you are saving for glued to the outside. You can also open a special bank account for a particular goal and have automatic deposits taken from your paycheck. If necessary, open this bank account at a different bank—across town so you’ll be less tempted to withdraw from it. Some people also find it helpful to make a visual thermometer or graph as they save money for special purposes.

Find Support and Incorporate Other Resources

Some people may be able to implement the suggestions given here on their own. Others may need the assistance of a friend, therapist, or coach. An individual providing support can help you make budget categories and monitor and regulate spending. If you take medication as part of your treatment, make sure that the medication is active in their body when you are working on financial tasks.

Putting Money Management on a Schedule

If you’re a visual learner, it may be helpful to organize these strategies on a timeline. Here is one example of such a schedule, which specifies tasks to be done daily, weekly, monthly, and yearly. The approximate amount of time it might take to accomplish each task is also listed. You can customize a similar timeline to your circumstances.

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