Money and Meaning

By David Lansky

"Psychologically Informed" Planning

I was sitting in the board room at the offices of a group of financial planners when two of the partners walked in and slumped into their chairs. They had just completed a client meeting—a husband and wife in their 70s—and I could hear shouting coming from the office before their clients gruffly exited the building. The man, a retired executive, had a personal net worth over $1 million. Nevertheless, he insisted on living off his Social Security income, to the consternation and confusion of his wife and his advisors. "We have done all we can," one partner said to me. "He needs someone like ***you,*** *" said the other.*

Although my background is in clinical psychology, today I work with business owners, entrepreneurs and financial advisors, enabling people to resolve emotional and relationship issues that accompany family business planning and wealth management. So I spend a good deal of my professional time talking with individuals and families about money, business and their plans for the future. But I spent 15 of the past 20 years as a clinical psychologist in private practice. During that time, how often do you think financial issues came up as a focus in therapy? Rarely. How many clients do you think discussed their annual incomes with me? Very few. How many families came to therapy wanting to alter the impact that money was having on their children? None. So money issues comprised an extremely small part of therapy's focus. My clients talked more about sex than about money!

In preparing for this column, I conducted an informal survey of therapist colleagues, asking them the same questions I asked above. The answers were even more cut and dried than mine: Money was almost never addressed as a central issue in therapy. Indeed, my colleagues seemed embarrassed about money—"What is the right answer?" one joked. "I feel like I am being set up," replied another. "Well, *you are* into something completely different now—you *have* to talk about money," said a third.

The young man appeared confused and distraught when we sat down for coffee in a local Starbucks. "For years, my father was not honest with the IRS," he said. "He has early Alzheimer's and has been making terrible decisions about his investments. As trustee of his estate, I've spent the past 12 months straightening out his IRS problem. But what's worse is the constant battles with my siblings over every decision I make about his investments. My lawyer says I should ignore them. My psychiatrist put me on Zoloft and helped me understand that we grew up in a dysfunctional family."

I know the young man from Starbucks well, because he was a client of mine. Neither the antidepressant Zoloft nor understanding why his family was dysfunctional actually helped him; what did help was learning how to communicate with his siblings about money, investments and planning.

Many therapists will tell you that money just never comes up in therapy. But I would say that as in most relationships, you get what you expect. In experimental psychology, this is known as "the Rosenthal effect," named after a researcher who demonstrated that students' performance was strongly correlated with teachers' expectations, regardless of whether those expectations were accurate or not. There are

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good reasons why money doesn't come up in therapy: It is not part of the consciousness of most therapists—they don't ask. And they don't ask because they do not feel competent or culturally empowered to raise issues about money, about its meaning and impact on the lives of their clients. That's why they are therapists, not attorneys, accountants or financial planners.

It's a quandary then, isn't it? We know from common sense alone that concerns about money are ubiquitous in how we conduct our lives, and they have a central place in the problems that people in fact do bring to therapy. Pursuit of money causes people to work so much that stress causes anxiety and depression, conflict over money causes families to self-destruct and the desire for money entices business executives to jeopardize their future by acting in unethical and illegal ways. Yet, because of their unique set of blinders, therapists rarely hear the sound of money.

The woman sitting in my office had just terminated her professional relationship with her financial advisor. "He was a technical whiz," she said. "But you know, my mother had been sick for months, and I stood to inherit a great deal of money when she passed on. Do you think he ever asked how she was doing? Her money will be going to another advisor!"

Financial advisors are in a unique position. They have the privilege to discuss with their clients financial material that is too personal even for their therapists. But, just as many therapists do not view themselves as competent or culturally mandated to deal with financial issues, many financial advisors do not address the emotional or psychological sides of their clients. As with therapists, I believe that there is a good reason for this: Some people are cut out to be financial advisors, not therapists. They choose one profession over the other—they don't expect to address the psychological side of their clients and they do not ask.

How then will our clients resolve the psychological and emotional issues that affect their financial planning? Will the older gentleman with a "poverty mentality" ever feel comfortable enough to enjoy the fruit of his many years of labor? Will clients who find themselves embroiled in family conflict over trust management, business succession planning or philanthropy have resources available to help them manage conflict effectively and productively? Will clients who experience life crises find support and understanding with their financial advisors? I have given much thought to this conundrum, since I have had the opportunity to view the situation from both sides of the couch, so to speak. I have spoken to many financial advisors, their clients and other professionals, and I offer here some guidelines on how advisors can best serve the interests of their clients without becoming therapists themselves, while keeping in mind that many of these issues will not be addressed in standard therapy. I call this a framework for "psychologically informed planning."

Advisors should begin by learning to identify and then to sort emotional and relationship issues into three general categories: (1) those that can easily be addressed in an advisor's office (*e.g.,* a normal grief reaction; simple communication difficulties between spouses); (2) those that should be addressed by a therapist (*e.g.,* incapacitating depression; alcohol or drug problems; severe marital conflict); and (3) those that can be benignly ignored at this time (*e.g.,* daily hassles; irritability).

Advisors should then make an effort to identify, acquire and refine the skills needed to manage the issues that can be dealt with in their offices. Some of these skills include (1) how to listen and be empathic without feeling compelled to change emotional or relationship dynamics; (2) how to conduct an initial family meeting to enable family members to communicate effectively about important issues; (3) how to encourage clients to listen to each other; and (4) how to recognize and resist participating in destructive dynamics such as triangulation and power struggles.

I then recommend that advisors develop a network of professionals with whom they can work. This means identifying counseling professionals who will take a focused, behavioral approach to managing conflict and enhancing communication, and who are comfortable dealing with issues related to money and finance.

Finally, advisors need to learn how to act as team leaders and how to make referrals to these professionals. Saying "he needs someone like *you"* just does not cut it! The right words must be used in order to encourage people to get the assistance they need without feeling humiliated or exiled from advisors' offices. Counselors are likely to be delighted with the creation of a team approach—and would be more than willing to understand and to collaborate in achieving your goals and those of the client.

In subsequent columns, I will expand on some of my ideas about "psychologically informed planning" and I will continue to talk about the relationship between psychological dynamics and financial planning. I would be happy to hear comments from readers regarding this or subsequent columns.