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## **Financial Therapy**

By: Greg Gann

With the exception of people dealing with health care challenges, for most of us, money dominates much of our lives. Irrespective of pay scale, most of us worry at the end of a pay period whether we will have enough to pay all of our bills. We question how much we will need to maintain our lifestyle in retirement, and we are overwhelmed by the number we are expected to raise and our means for achieving it. Sometimes we scrimp and other times we splurge. But most times, we feel remorseful in terms of how, why, and where we spend. Yet, money is a medium with which we engage every single day. It and our feelings surrounding it are omnipresent.

Money is so much more than just a means of exchange. It signals status, power and influence. Consequently so much of our ego and feelings of self-worth are wrapped up and influenced by our relationship with money. How we interact and are influenced by money, perhaps more than any other single input, determines the status of our mental and physical health. This is because money can be offered, in addition to power and dominance, as an expression of love and respect. On the other hand, it can be withheld to punish, dominate, control, and humiliate. On the surface, money is represented by a meaningless piece of paper. However, in reality, it provides a unique window into our deepest emotions and insecurities.

Notwithstanding the dominance money plays in our lives and all of the inherent emotional baggage absorbed within it, there is virtually no one for the public to turn for financial therapy so as to better understand their relationship with money and ways to modify that relationship to achieve healthier and more fulfilling outcomes. What a void!

When someone is feeling depressed or is experiencing personal relationship issues, he or she naturally thinks of engaging a mental health professional. Clergy are sought after for spiritual guidance and for pre-marital consultation as well as when marital strife or infidelity occur. But, I know no one who would call his priest or rabbi to discuss money. Nor do people associate a mental health therapist with money or money conversations. In fact, for both of these professions, money is considered outside their

awareness or expertise. Conversations about money are expected to be had with stock brokers and accountants. But, these people talk numbers and graphs and relate to money on an intellectual basis, but not an emotional one. So, we live in a bifurcated world where the professionals who deal with emotions are generally not trained, comfortable or competent talking about money and personal finances. And, the professionals who deal with money are viewed as number crunchers and ill-equipped and uncomfortable addressing one's feelings about money.

There is such a disconnect. And, to further highlight the anomaly, almost 3/4 of Americans identified money as the number one source of stress in their lives. What's more, money represents the number one source of conflicts for newly married couples.<sup>1</sup> Moreover, findings show that maternal depression due to financial pressures affects daughters' development.<sup>2</sup> Because stress is a major cause for disease and finances represent one of the most significant sources of stress, it follows that improving one's financial health translates into better physical health as well.<sup>3</sup>

Financial therapy is pertinent for individuals as well as a component of marital counseling. From an individual's perspective, understanding one's money scripts and patterns provides insights for the mental health professional into deeper personality issues that may require attention. For instance, it is common for people who have human attachment issues to replace this void with money. They use money almost like a drug to appease and soothe their emotional pain associated with having weak interpersonal connections. Money is substituted for deep connections. In this way, money can become worshipped and gain deity status. In fact, materialistic people value money and things over relationships. But, ultimately it is most unfulfilling and creates a vicious cycle whereby the more they spend to nurture their emotions, the less money they have and therefore the more pain they feel. It is a negative feedback loop. People who worship money and use money as a means of emotional uplifting can experience psychological crisis when their money vanishes.<sup>4</sup> Recognizing and treating these issues proactively pre-crisis by having money conversations is essential.

A detrimental relationship with money often emanates from the money scripts that were learned in one's early experiences. Awareness of detrimental money scripts is the first step in conditioning positive changes so that money is not treated as an end in itself, but rather as a tool to achieve what's most important. The point is that behaviors around money such as compulsive spending, unmanageable debt, financial dependency, financial caretaking, secrecy about money, and chronic conflicts between spouses over money serve as gateways into a client's deepest life difficulties. Therefore, it is a disservice for mental health professionals to simply ignore or brush over financial aspects of their clients' lives.

There is a middle ground where therapy and financial planning overlap. There is tremendous power and much to be achieved when therapeutic mental health and financial professionals collaborate and incorporate both interior and exterior approaches to financial therapy. Just as important as it is for the mental health professional to provide awareness of the psychological internal issues, it is equally as important to construct an external action plan for realizing financial health with ongoing support. Segmenting these two aspects without any collaboration amongst the professionals is fruitless. Proof of

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<sup>1</sup> Klontz, Bivens, Klontz, Wada, Kahler The treatment of disordered money behaviors 2008.

<sup>2</sup> Family economic stress and adjustment of early adolescent girls by Conger, Elder, Lorenz, Simons, and Whitbeck 1993.

<sup>33</sup> Muntaner, Eaton, Diala, Kessler, Sorlie. Social Science and Medicine 1998.

<sup>4</sup> Sullivan Wealth Matters: It's not just the money, it's the mindset. New York Times 2009.

this is demonstrated by the magnitude of financial insecurities and vulnerabilities despite the thousands of educational resources and plethora of personal financial advice from which we are bombarded. It is clear that financial advice from an author, or a stock broker, or an insurance agent, or a television personality cannot sufficiently identify or change destructive financial behavior.

The failure to identify and modify destructive financial behavior is the perfect segue to introduce money and marriage since financial health, stability and compatibility are hands down the most vital factors which distinguished couples who remain harmoniously married from those who divorce.<sup>5</sup>

Practicing marriage counseling holistically requires the integration of financial therapy. I say this because a third of all couples seeking couples counseling for relationship issues have some kind of financial issues constraining the marriage.<sup>6</sup> Perhaps one of the reasons that money and relationship issues overlap is due to the fact that couples with opposite personality types attract in much the same way that financial opposites are attracted to each other. It is quite common for mismatched money styles such as a spender versus a saver to join and marry. Through financial therapy, successful couples learn how to adapt their money styles and behaviors, and learn to overcome their natural tendency to try to change those of their partner. Appreciating a partner's diverse viewpoint and why he or she holds that perspective enables a couple to find common ground and shared money values and interact more harmoniously.

Although infidelity is not typically expected to be represented through money, financial infidelity is often expressed through debt. A vicious cycle develops whereby as the couple accumulates more debt, they are less likely to spend time together, but argue more about finances, and feel their marriage is unfair.<sup>7</sup> Feelings of inequality or unfairness in the marriage stem from roles the partners play. When one partner does not work or earns substantially more than the other, it can be easy to identify a power play. Disparate family wealth can also play a role. I commonly hear a belief that household decisions and spending should be allocated based on earnings contributions in a way that feels like a business partnership.

A parent/child scenario is another role commonly played by spouses. The desire for control and power can overwhelm the relationship. Even if couples on their own without any professional guidance can identify their money scripts or the roles they play vis a vis money, because money is perhaps the last remaining societal taboo, there is a code of silence about money that is passed down from generation to generation, making it difficult to achieve success without any support and intervention.

Another generational obstacle in marital financial therapy can be manifested in wives who have been raised with the long held belief and expectation that marriage will provide economic benefits and stability.<sup>8</sup> When this does not come to pass, it can wreak havoc to one's programming, which is quite traumatic. A wife who is well provided for financially is more likely to suppress her feelings and disregard for her husband because of the value she places on financial security and stability. But those suppressed feelings eventually surface and can rock the marriage. The financial security pacified and silenced the underlying problems, but they can rear their heads when financial security is achieved

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<sup>5</sup> Grables, Britt, Cantrell 2007.

<sup>6</sup> Grable, Britt, Cantrell, Family and Consumer Science Research Journal 2007.

<sup>7</sup> J.Dew Family Relations 2008.

<sup>8</sup> J.Dew Journal of Family and Economic Issues 2009.

independently or through other means such as divorcing later in life when there are more assets to divide. Anecdotally, this phenomenon may account for why in my practice I see a wave of wives initiating divorce. Foolishly spending is the number one financial cause for divorce. When one spouse feels that the other spouse spends foolishly, the odds of divorce increase by a factor of 45%.<sup>9</sup>

Where couples tend to spend also provides clues as to the long term stability of the marriage. Happily married couples spend more of their resources on homes and appliances as opposed to a disproportionate number of divorced couples who spent more on things such as televisions and living room furniture.<sup>10</sup> The interesting observation in terms of living room furniture and redecorating is that this often provides a clue in terms of marital strife. So often when one partner wants to redecorate and spruce things up, she is really looking for a fresh change and a diversion from undesired aspects of her relationship. The fresh change and facelift that she seeks through sprucing up the place might very well be a metaphor for other aspects of her life in which she seeks change. After the novelty of the new furniture wears off, she realizes that she was simply putting lipstick on the pig, which reinforces greater and deeper disappointment. There was a void and a desire for greater happiness which the money did not fulfill. This is not to say that purchasing new furniture or redecorating is a sign of a troubled marriage, but it might warrant deeper observation and communication as to the motivation and desired outcome. Conversations around money and materialism in general and around such purchases specifically, just might be able to move a marriage that was about to derail onto the right track.

Financial therapy touches all life stages ranging from stresses experienced by individuals, to pre-marital counseling, prenuptial mediation, discernment, and divorce financial analysis and mediation. In terms of prenuptial agreements, is there possibly anything more destructive and less romantic than lawyering up and negotiating terms of the break-up before walking down the aisle? Yet, there are many profound reasons to want a prenuptial agreement, particularly in second or subsequent marriages. And, in many ways, a prenup can strengthen the marriage even for the spouse with less money. I say this because it can diffuse resentment and enhance attachment issues with respect to children from the opposite spouse. It can dispel concerns that money is the motivation behind the marriage. This is obviously such a sensitive subject, and it is ordinarily handled amongst the lawyers diminishing the marriage to a business transaction without any appreciation for what is most important to the spouses and their respective families and why. When fiancés can communicate the what and the why of what they seek in an agreement, this has the power of transforming a delicate and potentially very hurtful and damaging process and arrangement into healthy breakthroughs. This is why mediation and incorporating financial therapy into mediation is so advantageous in constructing prenuptial agreements.

Discernment counseling is such an integral part of marital counseling because for marital counseling to be effective, both parties have to be committed. Because financial stability and personal identities are so wrapped up around money, whether consciously or subconsciously many pursue marital counseling because they fear the financial ramifications of splitting and the uncertainty as to what their resources would be and how their day to day lifestyle would present if they did separate. Demonstrating through divorce financial analysis what their lifestyle would look like if they did divorce can alleviate that fear

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<sup>9</sup> "Bank on it: Thrifty Couples are the Happiest" by Jeffrey Dew.

<sup>10</sup> Schaninger, Buss Journal of Marriage and the Family 1986.

and enable the couple to commit to strengthening their marriage for the right reasons rather than out of fear.

Divorce is not necessarily a bad thing, especially if it is pursued in a healthy manner. Sometimes the reasons why couples came together and what they initially fulfilled for each other are no longer present and unlikely to return. Mediating, communicating, and dividing assets and negotiating support through detailed financial analysis most often delivers healthy outcomes for the couple themselves and their offspring as well. I am always stunned by the fact that everything about a divorce involves finances. Yet, so often the spouses hire lawyers and ignore the ways in which a divorce financial analyst and mediator can best deliver the goods and the desired outcome. Incorporating financial therapy into divorce financial analysis and mediation can positively alter the entire dynamic.

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