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From the Publishers of FINANCIAL PLANNING and WALLSTREET

Understanding Your Client's Money "Issues"

By Amy Braunschweiger

Dan West believed he was conservative but practical with his money. A cardiologist in Spring Lake, Mich., West paid off debts quickly and kept large sums in checking and savings. "I thought it was good, conservative financial planning," he said.
West and his wife, Amy, attended a workshop held by Richard Kahler, a financial planner who deals with people's underlying beliefs about money. Amy was seeking advice on running the business end of her psychology practice, although Dan never trusted financial planners. What he learned changed his entire approach towards money. "I hadn't been willing to invest money for a long time because I didn't trust myself or anyone else," he said.

West learned his fears developed from stories about advisors' incompetence and his perceived lack of investment aptitude. Today, Kahler has been the couple's financial advisor for two years, and West has his money invested in bonds, U.S. stocks and foreign stocks. He attributes his turnaround to understanding his beliefs about money.

Deep-Seated Money Beliefs

Almost everyone has between 50 and 200 unconscious beliefs about money, claims Kahler, author of psychological money book *Conscious Finance* and president of Kahler Financial Group. These certainties, often formed as children grasping only part of a situation, can include phrases like "more is better" or "money is evil." Kahler's mission is to help people uncover their beliefs about money, examine the underlying logic, then help clients eradicate the related destructive behavior.

Although Kahler, of Rapid City, S.D., is well versed in psychology, he still contracts with therapists. "There's something emotional happening that our profession doesn't have the tools to address," he says. However, he only works with therapists who have dealt with their own financial issues.

His approach has paid off. Not only has it increased his client base -- "I've taken on more clients this year than I have in three years," he says – but his job satisfaction has also risen. "The people who are willing to do this want to live big," he says. "They're willing to look at stuff 98 percent of the population wants to ignore." Additionally, he feels his clients are happier, as they believe Kahler truly understands them.

Using Kahler's Strategy

Since implementing Kahler's methods into her own practice, Holly Hunter, founder of Hunter Advisors in Portsmouth, N.H., feels like she's helping her clients live a better life. "It's what gets me up in the morning," she says. The work has also deepened her work relationships. "My clients will be with me for life," she says. "And when people feel heard and not judged, they will more readily refer people."

Hunter first met Kahler two-and-a-half years ago, when she attended one of his presentations. Since then, she has taken a number of workshops lead by Kahler or others in the field, has become a trained listener, and had realized her own money issues and how they affected her practice. One of Hunter's beliefs was "there's never enough money," she says. "Because of this, I thought people with more money should have no problems," she said. "In fact, folks with a larger amount of wealth often have more and bigger problems, like having children fight over money."

The real challenge with implementing her new-found knowledge was putting away the charts and graphs and focusing more on listening, she said. In the past, Hunter would start meetings by asking for a client's statement or the amount of total assets. Today, she often starts by asking if there is something they would like to discuss. She doesn't talk about money right away.

According to Hunter, the psychological relevance of personal finance will become more important as baby boomers retire. "A lot of these folks have been medicating their issues with money," she says. "When they're on a fixed income, there's a short supply, and they can't medicate these issues any longer. It's going to get ugly."

Outside Opinion

Working through clients' money issues can lead to tremendous upsides, believes James Gottfurcht, a Los Angeles-based clinical psychologist and president of Psychology of Money Consultants. "You'll get more compliant and rational behavior," he says, and "clients will stick with you because you understand them."

But advisors need to exercise caution when delving into psychology, he advises. His first tip: "do thy client no harm."

Practice Empathy: Gottfurcht recommends empathy training, which he says can sometimes take as little as two hours. "Self-awareness of your impact on others is crucial for the advisors to stay out of trouble in terms of triggering their clients," he says. "Some people are just not aware of their passive-aggressiveness, their voice tone or their scowl."

Present to Future: Those who aren't working with a therapist should be careful when delving into the past, he says. Those who do should, like Kahler, keep the issues behavioral. For example, if someone avoided jobs and their parents gave them money, a behavioral consequence is that they can't support themselves, Gottfurcht says. Don't say, "it sounds like you were traumatized or abused," he advises.

Exit Strategy: Know when you're in over your head. "One of the biggest signs is if you don't feel comfortable or if you feel a negative vibe from them or from within yourself," Gottfurcht says. Also, if the client becomes irrationally angry or upset, if they repeatedly sabotage themselves or if they blame their advisor (you), you may want to refer them to a mental health professional.

Making Progress

The ultimate goal is for advisors to better understand their clients, and for clients to better understand themselves, so retirements can be planned. "One of they mythos of the financial profession is that we understand money," Kahler says. "And while we probably understand the spreadsheets, tax returns and things, as a profession we've done a lousy job of understanding what we think, feel and believe about money."

Psychologist Amy West believes this. She is so impressed by the changes Kahler helped render on her family's finances that she is planning to partner with a financial advisor in her area, helping others through their money issues.