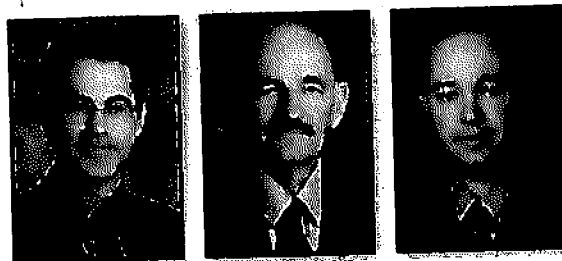


Playing Marley's Ghost



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Experienced financial advisors understand that helping clients build financial security is not just about money. One of the frustrating aspects of our profession is trying to work with clients who repeatedly sabotage their financial plans and who seem unable to change their self-destructive financial beliefs and behaviors.

Integrated financial planning, which combines the emotional or “interior” aspects of finance with more traditional “exterior” financial knowledge, offers us an expanded set of tools for working with such clients. One of the most fundamental of those tools is founded on the understanding that beliefs drive behaviors. Clients’ financial choices are based on their conscious and unconscious beliefs about money. Many of the decisions people make, including financial ones, are made emotionally, regardless of the breadth or depth of financial data one may possess. All financial behaviors, no matter how illogical

they may seem, make perfect sense when we understand the underlying beliefs about money that drive them.

Those underlying beliefs, which we call “money scripts,” typically have their roots in past experiences. Helping clients look at the past can help them identify their money scripts, which is an important first step toward healthier financial behavior.

A Christmas Carol, by Charles Dickens, is a powerful and useful metaphor to help clients understand the impact of the past on their financial choices in the present, which we elaborate on in our book, *The Financial Wisdom of Ebenezer Scrooge: 5 Principles to Transform Your Relationship with Money*. The story of Ebenezer Scrooge is a helpful analogy to introduce clients to the concept of money scripts and

to the methodologies for lasting change.

As you may recall, Scrooge is the cold-hearted, wealthy miser who mistreats others and lives a life of deprivation. The ghost of his deceased business partner, Jacob Marley, confronts him and warns him of dire consequences if he

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does not change his ways. Marley's Ghost gives Scrooge the formula for transformation. Scrooge re-experiences his past, which enables him to clearly see the reality of the present, and as a result, he becomes able to create a more fulfilling future.

To that end, the Ghost of Christmas Past shows Scrooge scenes from his past that invoke strong emotions of sadness, fear, and joy. Scrooge releases old tears and gains insight into his pattern of destructive beliefs and behaviors around money. With these new insights, the Ghost of Christmas Present is able to

show Scrooge the authenticity, joy, and abundance all around him. For perhaps the first time in his life, he is able to see the impact of his behavior on himself and others. The Ghost of Christmas Future shows Scrooge the consequences if he fails to change and gives him a chance to do things differently. This process results in a profound and lasting transformation for Scrooge.

A fundamental part of Scrooge's enlightenment is identifying and changing his money scripts. These beliefs we hold about money are unexplored "truths" to us that are typically only partially

true. Most money scripts are formed in childhood, and they are the basis for our actions and choices around money. A critical component of financial health is learning to identify and change one's destructive money scripts.

It would be wonderful if we as financial planners had the powers of the Ghosts of Christmases Past, Present, and Future to magically help clients achieve financial health overnight. We could show them scenes from their past that shaped their beliefs about money and could explain their current behaviors. We could help them unlock long-suppressed difficult emotions that are dulling their ability to receive more accurate information on how money works. We could reveal to them exactly what their financial future would look like if they did not change.

Even without the power to transcend time and space, however, we can help facilitate our clients' movement toward financial health. To become effective at facilitating change, it is important first to understand and accept what we cannot do. It's essential to accept that such work can only be done when the client is ready to change. Change requires an emotional decision by the client and cannot be forced.

Consider this scenario: if someone were to place a hand on your shoulder and push you in a certain direction, one of four things would likely happen: 1) you would move in that direction, but not feel good about being pushed; 2) the push could knock you off balance, which you might resent; 3) you would resist and push back; or 4) you would move away from the source of the pressure. These are the same responses we see when someone is pressuring another person to move in one direction or another mentally, emotionally, or financially.

True and lasting change requires the willingness and active participation of the client. No matter how knowledgeable or skilled any of us may be, we cannot force clients into financial health. People can't be bullied or manipulated into changing, and such tactics result in resistance, avoidance, resentment, dependency, or only fleeting change. Clients will not change for good unless they are internally ready to do so, regardless of how much they may verbally proclaim they want to change.

Of those with serious financial problems, perhaps only 20% are actually

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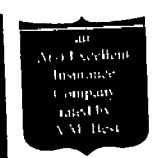
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ready to take action. Financial planners are well-trained to work effectively with these clients. What, then, are we supposed to do with the remaining 80%? If they are not ready to change, are we left sitting passively until they are ready?

Instead, we can create an environment that fosters change. It is important to understand that effecting change is a process, not an event. It is normal for clients to feel ambivalent about change, to resist change, and to get stuck along the way. Facilitating and encouraging change begins with building a relationship of trust. Until clients trust us and feel that we are listening to them and understanding them, they cannot hear what we are saying. Much of the time, the wisest strategy for fostering change is to move slowly and to focus first on the quality of our relationship with clients. One way to accomplish this is to follow the example of Marley's Ghost.

In *A Christmas Carol*, the three Ghosts of Christmases Past, Present, and Future are the ones who actively facilitate Ebenezer Scrooge's transformation from unhappy miser to joyful participant in life. Yet the ghost of Jacob Marley, his trusted partner, paves the way for the other Ghosts. Marley's Ghost does what the addiction recovery field would call an "intervention" with Scrooge — confronting him with the reality of his self-destructive behavior and its consequences. Marley had attempted to get his message across to Scrooge many times before, but had failed. As Dickens writes, Marley tells his old partner, "How it is that I appear before you in a shape that you can see, I may not tell. I have sat invisible beside you many and many a day."

Like Scrooge, clients who are stuck in

an unhealthy financial life are often not ready to respond immediately to new information. Just because we as professionals want to help them and have the tools to do so does not mean they are ready or able to accept our help.

Scrooge finally responds favorably to Marley's intervention for several reasons. First, Marley had earned the right to confront his partner because, during his lifetime, he had been just like Scrooge. He had walked the same path of miserliness and financial unhappiness. Scrooge realizes that Marley knows what he is talking about and recognizes the authority behind his intervention.

Secondly, Scrooge trusts Marley — as much, anyway, as he is capable of trusting anyone. "Scrooge and he were partners for I don't know how many years. Scrooge was his sole executor, his sole administrator, his sole assign, his sole residuary legatee, his sole friend, and sole mourner," Dickens writes.

A third reason is Marley's persistence. He makes repeated attempts to reach Scrooge, showing up time and time again until his old partner finally is open to seeing and hearing him. In trying to help clients become ready to change, we may need to follow Marley's example.

At first glance, establishing our authority and right to intervene with clients may seem to be based on our professional credentials and expertise. To some extent, of course, this is the case. Clients need to know we have the financial knowledge to help them. Equally important, however, is building a partnership with clients. We are the experts in our professional field. The clients are the experts on their own lives, their own needs, and their own goals. When we recognize that clients' expertise is every bit as important as

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our own, we create a relationship of mutual respect that does much to assure clients that our professional knowledge will be used in their best interest.

Establishing such a partnership is also an important factor in making clear to clients that we are worthy of their trust. We must be willing to follow the clients' agendas, rather than forcing our agendas onto clients. We need to allow them to address what is important to them before they will be ready to address the issues that we may consider important.

Finally, we need to emulate Marley's persistence, to become willing to "sit beside them many and many a day" until clients are ready to accept our help and guidance. An essential skill for us as financial planners is to practice listening and just "being" with clients.

"Being" with clients is not something most advisors do easily; we are far more comfortable "doing" by dispensing advice and solutions. Many financial planners believe we are only providing value to clients when we are actively providing investment advice or helping clients set goals. With training and practice, however, we can develop skills in listening and following the client's lead, waiting until the client is truly ready to hear the choices we can offer.

Following the client's lead means having the patience to listen, to build trust, and to pay attention to what clients communicate to us. It is being willing to postpone our own agendas if clients need to go in a different direction.

Suppose, for example, that a financial planner has prepared detailed information on tax planning and portfolio rebalancing before meeting with a client who plans to sell a lifetime business and retire. Yet at the meeting, it turns out that what the client needs most is to talk about the emotional aspects of this life-changing event. Following the client's lead might result in spending most of an hour-long meeting listening to the client, then covering the exterior information in the last few minutes.

This is not meant to imply that the factual information is unimportant. Certainly, such tax consequences and investment changes can have a serious impact on the client's future. They are an essential part of making such a significant decision.

If, however, the planner ignores the client's need to talk and pushes ahead with the prepared information, chances

are the meeting will be less than successful. A client who is caught up in emotions of fear, worry, sadness, or excitement isn't going to be able to focus on financial details, no matter how important they are. Taking the time to listen while the client talks through the emotions around this decision will clear the client's mind and enable him or her to listen in turn to the information the planner has prepared.

At first, spending time listening to clients may feel like a waste of time. Our experience shows that the opposite is true. Taking the time to listen and to allow clients to feel heard often results in positive feedback, with the client expressing, "That's one of the best meetings we've ever had."

Playing Marley's Ghost requires patience. Being with clients, allowing them to set the pace as we help them become ready to change, is not going to provide instant results. What it can provide is lasting results. When we focus on building a trusting partnership with clients, we are helping them lay the groundwork for long-term financial health.

Rick Kahler, MS, CFP, is president of Kahler Financial Group, a fee-only financial planning firm. In 1998, he was appointed by the state legislature to the South Dakota Investment Council, charged with managing the state's multi-billion dollar retirement fund. Mr. Kahler teams with therapists to help clients understand their relationship with money and how to change their behavior surrounding it.

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This article is a summary of the presentation the authors gave at the Financial Planning Association's annual meeting in Seattle in September 2007.

