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Fine line separates net worth and self-worth

Amid tough times, many people turn to therapy to address money matters

By *Claudia Pinto*
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What do you get when you cross Dr. Phil and Dave Ramsey? This is no joke — it's the essence of the emerging field of "financial therapy."

Financial therapists analyze people's emotions and behavior through the lens of money. They say once they start asking people about their cash flow, they find it's connected to absolutely everything in their lives.

"It's connected to self-esteem. It's connected to our beliefs about what we are entitled to, about how the world works, about how safe we are, about our value to others," said B. Dodge Rea, a Nashville psychologist who practices financial therapy. "So when people are widely scared about money, they find themselves scared about all kinds of things."

The field of financial therapy has been around for a few years, but it has experienced a recent surge in interest because of the tanking economy. Ted Klontz, a Nashville psychologist who is a pioneer in the field, was recently on *Good Morning America*, and he'll appear on an episode that *20/20* is doing about financial therapy in April.

Klontz said given the current economic climate, there are some things people can't control, such as whether they'll be laid off or how the stock market performs. Financial therapy, he says, focuses on what people can control — their decisions and attitudes about money.

"Most people say, 'If I just get the numbers straight, I'll be all right,' but that's only half of it," Klontz said. "The other half is behavior."

Linda Long said she and her husband had racked up about \$60,000 in credit card debt when she attended a financial therapy course taught by Klontz at Onsite Workshops, located about an hour west of Nashville in Cumberland Furnace, Tenn.

"Credit cards are those magic things. You get those credit limits and you go, 'whoo-hoo,'" Long said. "It was all little stuff and that's the worst, because it's \$20 here, \$20 there, and you think, 'What's 20 bucks?' But if you're doing that every day and not keeping track of what you spend . . ."

Long, of Charlotte, Tenn., said she used to spend a lot of money buying friends and family members little presents — books, CDs, videos.

"It was really about low self-esteem, wanting people to like me. Somewhere along the line I learned that things equal love," Long said. "It really just had a lot to do with me not liking myself very much."

Long said recognizing the root of her spending habits has helped her to stop the destructive behavior of spending money she didn't have and hiding credit card bills from her husband.

"You could go to a counselor and you could go to a financial planner," Long said. "To be able to go to a place where both of those work in conjunction with each other was just what I needed."

Boomers need help

Counselors aren't required to undergo special training to advertise themselves as financial therapists. And that makes financial planners, such as Bill Garrett, owner of Garrett Financial, a little weary.

"This sounds like a great way to make money if you're in that field because there are so many people hurting," he said.

"If this is a legitimate field of endeavor, and that remains to be seen, it's one that has been needed for years because no one spends with greater abandon than the baby boomers. They are used to having it now and not waiting. Delayed gratification is not part of their lexicon."

Klontz said he's working with a group of university officials, psychologists and financial planners to create a set of standards. And he stresses that financial therapy is not a replacement for going to see a financial planner.

"This will allow them to follow through on what a financial planner tells them to do," he said.

Garrett said he does have a group of clients who know intellectually what they can afford, but they continue to spend money they don't have anyway.

"That little voice in their head says, 'Go ahead and get it, you'll get it paid off later.' At some point after the purchase, they experience a flood of guilt," Garrett said.

"That drives them into more of a depressed or stressed-out state."

Still, Garrett said he believes that the great majority of people don't need financial therapy; they just need to be taught how to manage their money.

"Most people don't have a clue how to manage their money," he said.

"It's not something we are taught."

Julie Hinton of Franklin has never tried financial therapy, but she said she could probably use it.

Hinton said she started having panic attacks and sleepless nights when business started slowing at her chocolate shop, Xoconochco.

"Daily I would have to remind myself to breathe," she said.

Since she closed the store in December, things haven't gotten much better. Hinton said her savings are depleted and she worries that selling her chocolates online, at www.xoconochco.com, won't be enough to pay her bills.

Money has been taboo

Roughly 75 percent of adults said money is their No. 1 source of stress, according to a June survey by the American Psychological Association.

When stress isn't dealt with, it can easily affect relationships. Klontz gave the example of a person who has been laid off and is struggling with loss of identity and self-esteem issues:

"If I don't like who I am, I am going to start sinking into a deep hole, where you can't help me or I'm going to attack you to reduce your self-worth to where I am," Klontz said.

Ralph Childs, a Nashville counselor, said he took a financial therapy course from Klontz not only to be better able to help his clients, but also to help himself.

Like many others, Childs said his finances have taken a hit. He put a lot of money into rehabbing a house that he was unable to sell, and some of his clients have dropped off because they're having their own financial problems. All of this left him feeling anxious.

"It made me aware that I need to ask people about their finances," Childs said. "I didn't used to consider that to be an important question; now I do."

Nashville financial therapist Rea said 93 percent of therapists don't bring up money with their clients. He said money has long been considered a subject too taboo to talk about, even in therapy.

"People were willing to talk to you about their sex lives but not about money," Rea said. "The beautiful thing about this recession is that it's made it OK to talk about money. Everybody is talking about money right now."
