

The Financial Therapy Association: A Brief History

The purpose of this brief review is to provide a historical context for the conceptualization, development, and launch of the Financial Therapy Association (FTA). The FTA membership base consists of practicing financial planners, financial counselors, psychologists, marriage and family therapists, social workers, financial coaches, psychotherapists, and researchers from these and other disciplines. From the outset, the Association's purpose has encompassed five goals:

- 1. To promote a vision of financial therapy, which is the study of cognitive, emotional, behavioral, relational, economic, and integrative aspects of financial health.*
- 2. To provide a forum for researchers, practitioners, the media, and policy makers to share research and practice methods and models of financial therapy.*
- 3. To promote methods of training for those involved in financial therapy.*
- 4. To inform policy and practice management standards as these relate to financial therapy.*
- 5. To stimulate and disseminate clinical, experimental, and survey research on financial therapy.*

Initially, the FTA was conceptualized by a group of researchers and practitioners who were interested in adapting treatment tools and techniques from marriage and family therapy and psychology to the practice of financial planning and counseling. While the blending of financial planning and psychology has a long history (e.g., the life planning movement, financial coaching, etc.)—a history shaped in part by members of the FTA—there has generally been very little dialog among practitioners and researchers as to the validity and effectiveness of existing counseling and planning models. Instead, what has emerged is a patchwork of practice techniques with one or a few practitioners using a particular method when working with clients. From a practitioner perspective, client outcomes often appear successful, but among researchers, a continual question has arisen in relation to the effectiveness of treatments. Until the FTA was established there was no systematic and organized association for promoting and disseminating information about practice techniques. In effect, practitioners have been working in a vacuum, with only the occasional opportunity to share successes and failures with others, or to work with researchers to truly determine the efficacy of a particular counseling treatment. The FTA was developed to meet this need. The FTA is unique in that the Association, by bylaw rules, includes a mix of academicians and practitioners on the board of directors. The *Journal of Financial Therapy*, the official publication of the FTA, was established to help bridge the gap between practice and research, and to allow practitioners to inform research through the sharing of ideas and practice outcomes.

THE FINANCIAL THERAPY FORUM

The story of the FTA really begins on November 22, 2008. Sonya Britt, John Grable, Kristy Archuleta, and Dottie Durband invited a variety of individuals from around the United States to meet for a one-day “Financial Therapy Forum” in Garden Grove, California. Rusty Andrews, a licensed marriage and family therapist, was asked to facilitate the meeting. Dr. Andrews, who is not a financial therapist, described his role as the facilitator of the process as helping the group to reach consensus on whether or not an association should be organized. His tentative idea for the day’s activities consisted of determining whether financial therapy was worth pursuing, and then working in small groups to determine what financial therapy might look like in terms of education, training, certification, licensure, and research dissemination. The following outcome questions formed the basis of the discussion:

- Can and should a bridge between and among financial planners and counselors and clinically trained therapists be developed?
- If yes, how can such a bridge leading to a field of study called “financial therapy” be defined? Specifically, what does financial therapy look like in practice?

Additional questions addressed during the one-day forum included the following:

- Is an outlet for research and practice needed?
- Is there consensus about future meetings?
- Should a formal organization be developed? If yes, what should be the costs and fees?
- Is a website needed?
- What research needs to be conducted?
- What are the regulatory constraints?
- What are the future steps necessary to build a professional field of study?
- Is there consensus that a new professional field is needed?

The day began with introductions by those in attendance. For many participants this was the first time that they had met someone who shared the same vision of shaping financial planning and therapy into a practice model. Forum participants were:

Bill Bailey	John Grable
Brian Farr	Keith Whitaker
Carol Anderson	Kim Davis
David Lazenby	Kristy Archuleta
Dottie Durband	Mandy Baker
Eileen Gallo	Marcee Yager
Glen Jennings	Margaret Fitzgerald
Irene Leech	Rick Kahler
Jane Schuchardt	Samantha Oliver
Jeff Dew	Sandra Davis
Jeremy Boyle	Sonya Britt
James Grubman	Susan Bross
Joe Goetz	John Gallo
John Dakin	

Each participant had an opportunity to share insights, both positive and negative, from their experiences either as a practitioner or researcher, or both. A sampling of comments is provided below:

- It does not matter how many budgets are created, unless the profession addresses why people do what they do, clients will be unable to improve behavior.
- A need exists to look for what works and how treatment plans can be implemented and incorporated into financial planning practice.
- Clients do not do what they say is most important to them. People do not know how to get to that point of self-awareness of knowing what is most important to them (e.g., in retirement they think they should travel even though they do not desire to do so). Clients need help accomplishing their dreams; this is the role of a financial therapist.
- Advisors may lose clients to the phrase, “Financial Therapy.” Clients may not want to hear that they are involved in therapy.
- Standardization is important, as there are many people calling their work financial therapy (e.g., money coaches and money therapists), but there should be something common among all financial therapists that a consumer can use to judge professionalism.
- Financial therapists can be instrumental in explaining how emotional intelligence plays a role in shaping financial management skills.
- Few financial counselors and therapists have any idea if they are making an impact or are effective in influencing client outcomes—they may think they are effective but they likely do not know for sure in terms of measurement.
- Parents tend to flounder when it comes to training children about money issues; financial therapists might play an important role in shaping parenting educational programs.
- Families have a moral obligation to prepare the next generation to handle money. Blending marriage and family therapy and financial planning is very important because the blending aspect assists when there are things on the “other side of the brain” that one person may not know how to deal with.
- There is a range of client needs based on socioeconomic status, and as such, there should be a difference in standardization of education, counseling, and outreach for each socioeconomic class.
- Integrating decision making with financial advice, including different problem solving tools and techniques for these decisions, offers a path to practice efficiency.
- Currently, there is no operational definition of “planning” or “financial therapy.” Models and processes that may be common to practices for standardization are needed.
- Bringing multiple disciplines together and working with clients to address the issues they have is an important professional goal.
- It is important to retool marriage and family therapy and financial planning. Rather than retrain professionals, it may be better to provide tools to help professionals work together.

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- To be meaningful, financial therapy needs to be branded and based on accountability and visibility.
- Financial therapists should abide by a strict code of ethics.
- Money is sometimes used as a reward/punishment mechanism and many people struggle with money addiction; financial therapists can add to the body of knowledge by working with clients who exhibit a money addiction.
- Issues clients face are systemic in nature and the different professions have ignored financial training when working with individuals and families. Financial therapy, as a profession, could be the answer to addressing individual and family needs.
- A need exists to find a way to facilitate behavior change among individuals engaged in everyday money management behavior.
- There is a lack of research on the effectiveness of practice techniques.
- Financial therapists ought to work with family business researchers.
- The government is interested in financial literacy. If financial therapists address literacy as part of their research, it is likely that the new profession will gain national visibility.
- Some financial planners may not pick up on the “underlying” issues of behavior; training in financial therapy can enhance the practice of financial planning.
- Financial education may not work as well as predicted; rather, life planning, the joining of intellectual and emotional intelligence which creates financial well-being, might provide a more effective education approach in changing behavior. If financial therapists embrace life planning, the outcome could be noteworthy.
- One-third of clients do not follow their financial plans; people attach money scripts to words and thoughts of money. If true, then there are two facets to financial planning, the interior and exterior, both of which need different services. The interior of financial planning is looking towards the future, which requires financial coaching. The exterior is looking into the past and figuring out what is going on there, which requires financial counseling—looking at the past. Financial therapy might be the link between the interior and exterior.
- There is a lack of teaching materials related to financial counseling and financial therapy. An interdisciplinary approach to helping clients, through a new association, would be a great place to start in filling this gap in teaching materials.

As this sample of comments suggests, the day was filled with questions, comments, concerns, and optimism. Each participant had, in their own thinking, an idea about what an association might look like. Some had concerns about using the term “therapy” as an association descriptor. Others liked the word because it described exactly what the blending of financial planning and marriage and family therapy actually looks like in practice. Still others were more content in taking a “wait and see” attitude. The thread that held everyone together was that each participant expressed reservations and a general level of dissatisfaction with the way in which financial planners, counselors, therapists, psychologists, and other professionals collaborate.

A lively discussion took place on the topic of future steps. There were clearly individuals who expressed skepticism regarding the development of a new association. These individuals argued that therapy could be integrated into existing association frameworks. Others pointed to existing informal networks of practitioners as a potential home for those interested in financial therapy. By day's end, however, the majority of those in attendance agreed that there was enough interest to move forward with discussions about creating a new association.

Several specific recommendations emerged from the day's activities. First, the formation of the *Journal of Financial Therapy* was proposed. Participants volunteered to serve on the *Journal's* editorial board. John Grable and Kristy Archuleta agreed to serve as founding editors. Second, a conference committee was nominated to explore the possibility of hosting a conference in the future. David Lazenby volunteered to spearhead conference activities. Sonya Britt agreed to start work on an annotated bibliography of work related to financial therapy, which has since been published in the *Journal of Financial Therapy* (Volume 1, Issue 1). Finally, the establishment of a new association dedicated to promoting the study, practice, and teaching of financial therapy was put forth as an idea worth pursuing. It was agreed that those in attendance would take the following message to their colleagues: This new association could be the one organization that facilitates empirical research that enhances the practice of financial counseling and planning in the form of financial therapy. The following working definition of financial therapy was accepted:

To promote a vision of financial therapy, which is the study of cognitive, emotional, behavioral, relational, economic, and integrative aspects of financial health.

FROM FORUM TO TODAY

It took nearly one year of additional effort to turn the outcomes from the Financial Therapy Forum into reality. The Financial Therapy Association (FTA) was officially recognized as a non-profit Kansas Corporation on October 5, 2009. An Employer Identification Number was issued by the Internal Revenue Service shortly thereafter. An official application for IRS 501(c)(3) status was then submitted to the Internal Revenue Service, and in August 2010 the IRS notified the Board of Directors that 401(c)(3) status had been approved. David Lazenby took the lead in establishing a website for the new association. The website was then transferred to the financial therapy research team at Kansas State University who volunteered to host the Financial Therapy Association website: www.financialtherapyassociation.org. After incorporation, an announcement was circulated among those who attended the Financial Therapy Forum of the new Association. Individuals interested in joining the FTA were asked to send their email address to Sonya Britt. It was decided that no membership fees would be assessed until measurable value could be provided to members. Instead, contributions were solicited. Nearly \$900 in donations were received to cover incorporation fees. By the beginning of December 2009, the FTA had over 125 individuals on the mailing list. A slate of Board nominees was drafted and those who were on the mailing list were asked to cast their votes electronically for

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board positions. Based on a tally of votes, the following individuals were selected to fill the initial FTA Board positions:

President: Sonya L. Britt, Ph.D., AFC, CRC®
Vice-President: Ted Klontz, Ph.D., CSAT III, CET II
Secretary: Saundra Davis, MSFP
Treasurer: John E. Grable, Ph.D. CFP®
Research Liaison: Kristy Archuleta, Ph.D., LMFT
Practitioner Liaison: Richard S. Kahler, MS, CFP®, ChFC, CCIM
Journal Liaison: Richard Wagner, J.D., CFP®
Member at Large: David L. Lazenby, Ph.D.
Member at Large: Dorothy B. Durband, Ph.D., AFC
Member at Large: Joseph Goetz, Ph.D., AFC, CRC®
Student Liaison: Jennifer Harris-Brown

Once the Association was officially recognized as a non-profit organization in the state of Kansas, and a Board of Directors had been selected, steps were taken to register the name “Journal of Financial Therapy” with the Library of Congress. Editorial board members were selected, a call for papers was circulated, and submissions were processed. The outcome of this activity was the production of Volume 1, Issue 1 of the *Journal of Financial Therapy*. From that point forward, the *Journal* has been published in an open access format through New Prairie Press. The publication approach ensures the widest possible international audience for papers published in the *Journal*.

Within less than one year, the new FTA Board moved ahead quickly to pull together the first Financial Therapy Association Annual Conference held on the campus of Kansas State University in September 2010. Other activities promoted by the Board included establishing a committee to draft ethical standards for financial therapists, as well as beginning discussions about the possibility of creating a financial therapy certification or designation.

SUMMARY

As this brief historical review highlights, the dreams of a few visionary thinkers came to fruition by working together to jointly build a structure to house the work of financial therapists. Continuing to build a bridge of collaboration between practitioners and researchers will be an ongoing challenge, but one well worth the effort. Given the positive (and overwhelming) response to the establishment of the FTA, both in the practitioner and academic communities, bodes well for the future of the Association. The Board of Directors is excited to invite you, as a reader of the *Journal of Financial Therapy*, to join with your colleagues in building a new professional home for financial therapists.

Note: This historical overview was compiled by Samantha McGill, John Grable, and Sonya Britt.