

# Financial Therapy: A New Area of Research, Practice, & Collaboration

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# What is Financial Therapy?

- FTA Board of Directors conceptualize financial therapy as:

*The integration of cognitive, emotional, behavioral, relational, and economic aspects that promote financial health.*



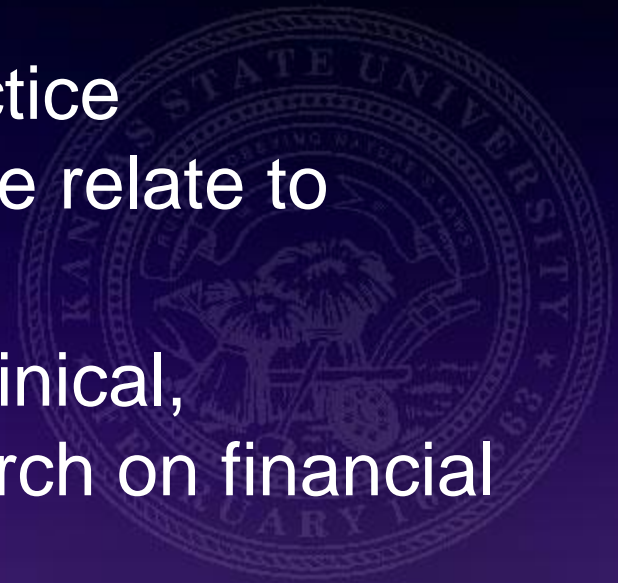
# In the Beginning...

- First Financial Therapy Forum
  - November 2009
- Formalization of the Financial Therapy Association
  - January 2010
  - Establishment of Journal of Financial Therapy
    - First Issue, November 2010



# Goals of FTA

1. To provide a forum for researchers, practitioners, the media, policymakers to share research and practice methods and models of financial therapy.
2. To promote methods of training for those involved in financial therapy.
3. To inform public policy and practice management standards as these relate to financial therapy.
4. To stimulate and disseminate clinical, experimental, and survey research on financial therapy.



# Mechanisms of Financial Therapy

- Qualitative Study
  - Identifying mechanisms and aspects of Financial therapy to understand the commonalities of financial therapy practices among financial and mental health practitioners and scholars/educators



# Mechanisms of Financial Therapy

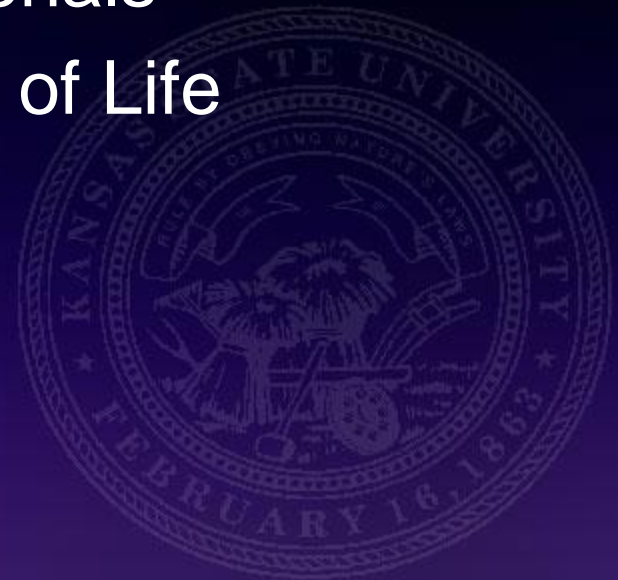
- Preliminary results indicate:
  - Recognition of the Importance of Clients-Professional Relationship
  - Awareness of Cognition, Behavior, Emotion, and Relationship elements of Finances
  - Money and Interpersonal and Relational aspects of one's life are inseparable
  - Professional Implementation Complexities
  - Assessing Client Readiness





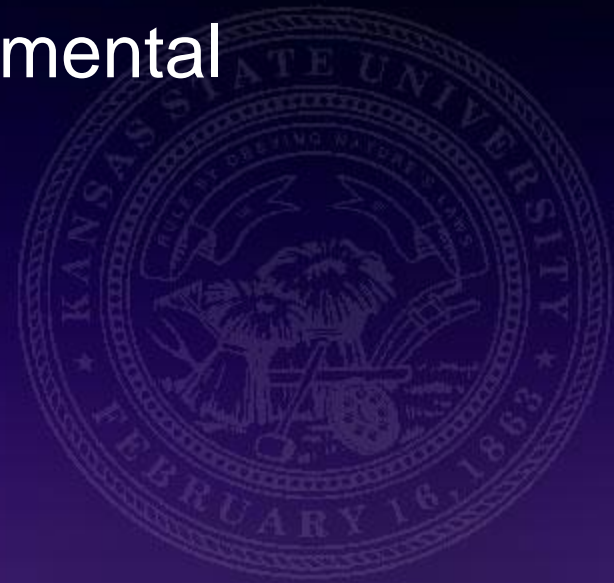
# Mechanisms of Financial Therapy

- Specialized Training and Education
- Various Implementation/Theoretical Orientation Models
  - Effectiveness of approach is valued
- Collaboration among Professionals
- Outcome is to improve Quality of Life



# Financial Therapy Practices

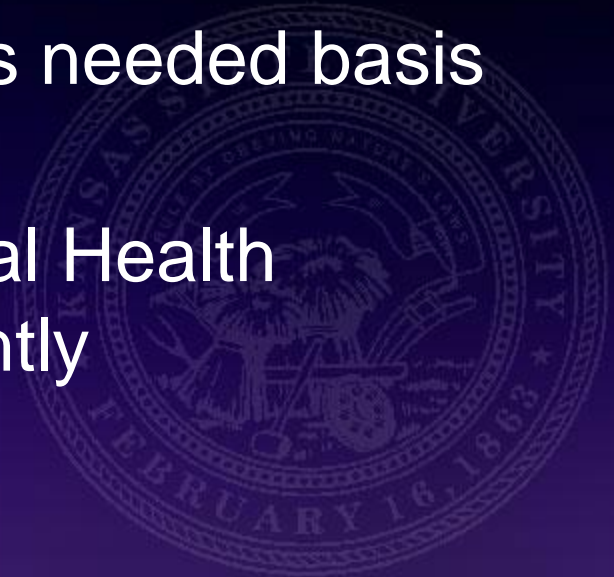
- Financial Therapy is often accomplished through:
  - Collaboration
  - One Professional who is trained to incorporate both financial and mental health/relational aspects





# Financial Therapy Practices

- Three Levels of Collaboration are most prevalent:
  - Referral from financial professional to mental health professional or vice versa
  - Financial Professional invites mental health professional to clients on an as needed basis or vice versa
  - Financial Professional & Mental Health Professional work together jointly



# Financial Therapy Research

- Current Trends in Financial Therapy Research:
  - Practice Models
    - Ford Financial Empowerment (Ford, Baptist, & Archuleta)
    - Solution Focused Financial Counseling
  - Client Meetings
    - Bio-assessment in Financial Planning Meeting Space
    - Market Video Trends Impact on Clients



# Financial Therapy Research

- Examples of Psychological Aspects of Financial Therapy Research:
  - Money Scripts
  - Money Disorders
  - Financial Anxiety



# Financial Therapy Research

- Examples of Relational Financial Therapy Research:
  - Money Arguments
  - Marital Satisfaction and Financial Satisfaction
  - Money Ownership Perceptions
  - Couples' Decision-Making



# Couples' Decision-Making and Marital Satisfaction

- Purpose: To explore how financial decision-making role involvement and financial decision-making satisfaction are associated with relationship satisfaction.



# Literature Review

- Couple financial decisions are based on:
  - Who has experience or expertise
  - Who had time
  - Who enjoyed doing it (Skogrand, Johnson, Horrocks, and Defrain, 2011)
- Couple decision-making is based on culture (Grable, Park, & Joo, 2009; Stafford, Ganash, & Lockett, 2011).
- Who makes decisions has been linked to presence of children in the household (Filiatraut & Ritchie, 1983).
- How well finances are managed is related to marital satisfaction (Kerkmann, Lee, Lown, & Allgood, 2000).
- Length of marriage has been associated with marital satisfaction (Glenn, 1990; Orbuch, House, Mero, & Webster, 1996).



# Theoretical Framework

- Symbolic interaction
  - Behavior is explained by the meaning that a person holds
  - Role
    - Expectation, clarity, role strain



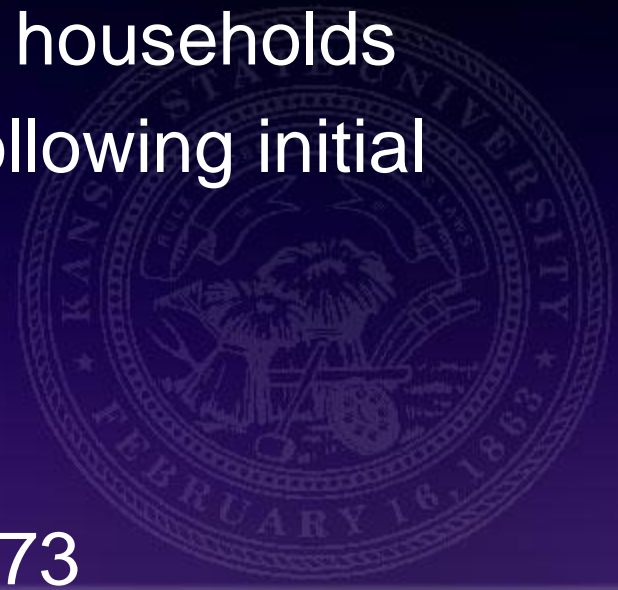
# Hypotheses

1. Joint decision-making will be positively associated with relationship satisfaction.
2. Decision-making satisfaction will be positively associated with relationship satisfaction.
3. The longer couples are married, the more satisfied they will be in their relationships.



# Methods

- Sample
  - Randomly selected from a financial service organization database in a Midwestern state in the U.S.
  - Mailed 4,048 surveys to 2,024 households
  - Follow-up postcard 3 weeks following initial mailing
  - Extended deadline
  - 127 returned usable surveys
  - 85 reported being married; N=73



# Measurements

- Demographic Information
- Financial Management Roles
- Financial Management Role Satisfaction
- Financial Satisfaction
- Kansas Marital Satisfaction Scale (Schumm, 1986)



Sample Characteristic and Code	N	Mean	SD
Age	84	52.52	14.63
Years of Education	85	14.30	3.06
Household Income	82	6.01	3.11
Gender	84	.49	.50
Years Married	73	26.79	15.39
Decision-Making Role Involvement	73	.63	.49
Financial Decision-Making Role Satisfaction	73	5.25	1.41
Relationship Satisfaction	73	18.44	4.12

# Results

ANCOVA for Relationship Satisfaction

Variable	Sum of Squares	df	Mean Square	F	p
Years Married	8.26	1	8.26	.53	.47
Decision-Making Role Involvement	15.08	1	15.08	.96	.33
Financial Decision Satisfaction	102.90	1	102.90	6.72	.01*
Error	1194.75	69	15.32		
Total	26042.00	73			
*p < .01					



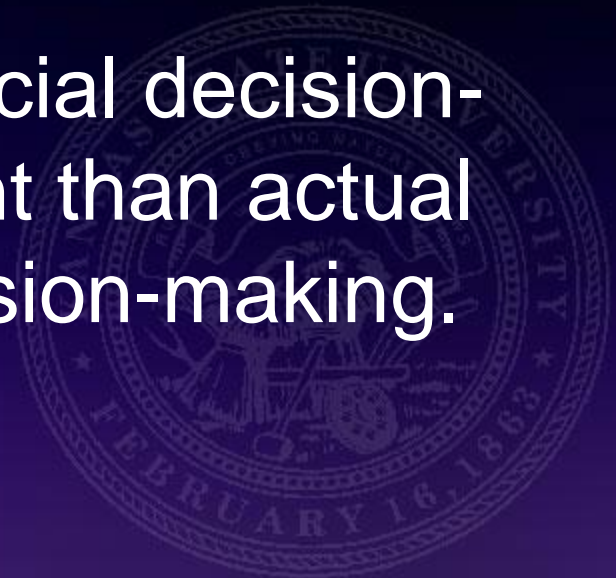
# Results

- Model explained 11% of variance
  - $F_{3, 73} = 2.93, p < .05$
- Hypothesis 1
  - Rejected
- Hypothesis 2
  - Accepted;  $F_{1, 69} = 7.38, p < .01$
- Hypothesis 3
  - Rejected



# Conclusions

- Symbolic interaction theory supports the findings where role enactment is associated with relationship satisfaction.
- Being satisfied in one's financial decision-making role is more important than actual participation in financial decision-making.



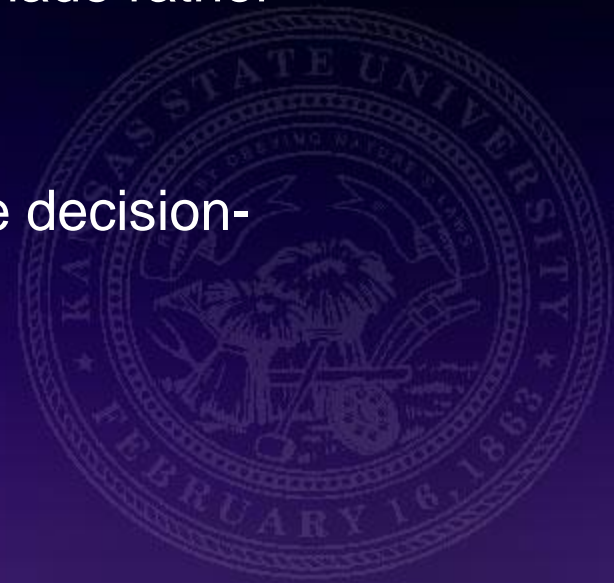
# Limitations

- Sample Size
- Generalizability
- Mailed Survey
- Time of Year
- Reluctance to reveal financial situation



# Implications

- Financial Therapy
  - Focus on financial decision-making satisfaction rather than making decisions together.
  - Build healthy communication skills to communicate about decisions and how decisions are made rather than how to make decisions together.
  - Develop strong levels of trust to enhance decision-making satisfaction.





# *Journal of Financial Therapy*

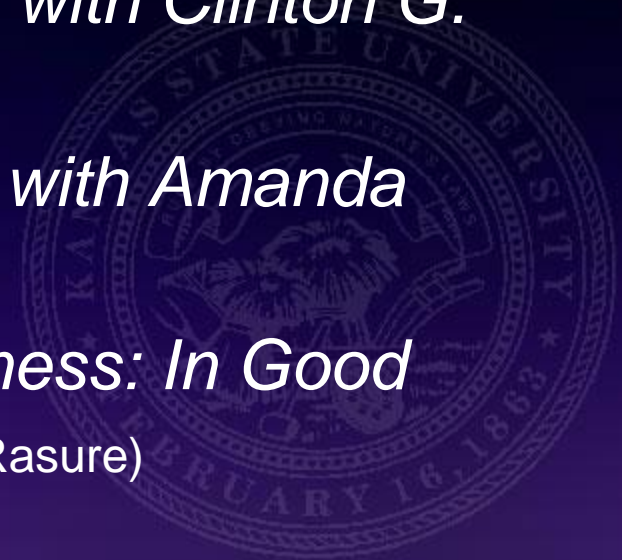
- Latest Issue (2011, Vol. 2, Issue 2) Featured:
  - *An Initial Membership Profile of the Financial Therapy Association* (Archuleta, Dale, Danford, Williams, Rasure, Burr, Schindler, Coffman)
  - *A Theoretical Approach to Financial Therapy: The Development of the Ford Financial Empowerment Model* (Ford, Baptist, & Archuleta)
  - *The Effectiveness of an Interactive Multimedia Psychoeducational Approach to Improve Financial Competence in At-Risk Youth: A Pilot Study* (Klontz, Pacifici, White, & Nelson)





# *Journal of Financial Therapy*

- Latest Issue (2011, Vol. 2, Issue 2) Featured (cont):
  - *The Financial Credit Profile of Low-Income Families Seeking Assets* (Birkenmaier, Curley, & Kelley)
  - *Researcher Profile: An Interview with Clinton G. Gudmunson, Ph.D.*
  - *Practitioner Profile: An interview with Amanda Mills*
  - *Money and the Pursuit of Happiness: In Good Times and Bad* (Book Review) (Rasure)







# *Journal of Financial Therapy*

- Upcoming Issue (Vol. 3, Issue 1) Features (Scheduled Release Date mid-June 2012):
  - *Financial Knowledge and the Gender Gap* (Woodyard & Robb)
  - *Disordered Money Behaviors: Development of the Klontz Money Behavior Inventory* (Klontz, Britt, Archuleta, & Klontz)
  - *A Financial Issue, a Relationship Issue or Both? Examining the Predictors of Marital Financial Conflict* (Dew & Steward)



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- Upcoming Issue (Vol. 3, Issue 1) Features (Scheduled Release Date mid-June 2012):
  - *Financial Therapy and Planning for Families with Special Needs Children* (Huston & Lauderdale)
  - *Researcher Profile: An Interview with Jerry Gale, Ph.D.*
  - *Practitioner Profile: An interview with Barbara Mitchell*





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- *Unfinished Business: Putting Your Affairs in Order with meaning and Purpose* (Book Review) (Fernatt)
- *Build Your Money Muscles: Nine Simple Exercises for Improving Your Relationship with Money* (Book Review) (Collins)

