

Emotions, finances correlate

Relationships with money can be painful, rewarding

By Dan Daly

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The woman – they won't tell anyone her name – is an entertainment legend. She has had a lot of money, but she was on the verge of going broke.

In a short time she had blown through \$12 million, and she had just mortgaged the home that she loved. Even then, her spending was out of control.

It was at that point that she brought in Ted Klontz, executive director of Onsite Workshops in Tennessee, and his partner, Rapid City financial planner Rick Kahler. The two are becoming nationally known for their five-day workshops that help people build better emotional relationships with money.

Skeptics might scoff at the idea of combining fuzzy, feel-good notions about relationship-building with the no-nonsense world of dollars and cents. But Klontz and Kahler are part of a growing financial planning movement that insists that money and emotion are inseparable.

After all, money is the No. 1 cause of divorce in the first seven years of marriage. And many gambling addicts will tell you their addiction was not about gaining money but about the emotional rush of winning. And everyone knows smart people who seem to make a lot of dumb financial decisions.

“It's not about the money; it's about your relationship with money,” Klontz said during a speech last week in Rapid City.

In their workshops, Klontz and Kahler use what Klontz calls an internal-external approach to helping people with money problems.

Klontz works the internal side. He helps clients delve into their psychological attitudes about security, wealth, status, comfort, power, generosity – all the things that can be affected by money.

People have a lot of unexpressed or unconscious attitudes and ideas about money, Klontz said, and often those attitudes are based on past painful experiences.

“The more unconscious you are about it, the more painful your relationship is,” he said. “Overspending, chronic debt and feelings of self-worth are all tied to your sense of financial worth.”

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During the workshops, participants share these experiences with others. At one workshop, a woman told how she grew up in a family that believed rich people were cheaters; in her business today, she finds herself undercharging her customers. Another man, the son of a compulsive gambler, grew up to be reckless with money.

If you acknowledge these experiences and understand how they affect your current behavior, you can often make positive changes.

That's where Kahler comes in. At the workshops, he tends to the external aspects of money relationships. He helps participants figure out a better way to spend, save and manage money.

Kahler said sometimes the attitudes are so deeply engrained that workshop participants continue to resist. "When you tell somebody they're spending three times more than they're making and talk about how to cut back, it gets personal real quick," Kahler said.

To some, all this talk of relationships and money seems like a luxury reserved for those who have lots of it. Few wage-earners could afford \$2000 and five days to fly to Tennessee for an Onsite Workshops session.

But Klontz said the same principles apply to wage-earners. Early in his career, Klontz was a teacher. He didn't earn much, but he resisted making career changes that would increase his income. He later came to realize that his resistance was based on his parents' attitude that rich people became rich by taking advantage of others.

If you win the lottery, research has shown that in only seven years, you will likely end up where you started out financially, Klontz said. Lotto winners tend to spend it, give it away to relatives and do what they can to get back to their old level of wealth.

Klontz believes that we each have a financial comfort zone. If our wealth falls below a certain level, we get anxious and start doing things to increase our income. And if our wealth rises out of the comfort zone, we feel just as uncomfortable. "And we'll do what we have to do to get back," he said.

He told of a friend who saved for years to buy a Boxster sports car but then found he was too embarrassed to drive it on the streets.

And those who grew up rich are not immune, either. In fact, Klontz said, they might be more miserable than anyone. They often feel they haven't earned their wealth, and they must achieve success in their own right. And if they don't, they feel like they are wealthy failures.

“There’s an old axiom about rags to rags in three generations,” Klontz said. “The first generation makes the money, the second generation spends it and the third generation starts over.”

Kahler said money isn’t bad in itself. You simply need to understand what you want to do with your life and what money can do to help you achieve that.

“Money can buy happiness,” he said, “but it can also buy a lot of unhappiness.”

Which brings us back to the troubled entertainer that Klontz and Kahler are working with. Through a series of one-on-one sessions she began to realize that her childhood experiences played a big role in her problems.

She grew up dirt poor in the rural South, virtually without a family. She grew up, became successful – and gave too much credence to critics who said she didn’t deserve her success.

The woman had a salaried staff that cost her \$3 million a year. When she took a year off from work, she kept their paychecks coming. She spends \$2500 a month on pet care, because her dog and cat were her only friends growing up, Klontz said.

“She wanted to be liked, so she gave money away,” Klontz said. “Because of her painful experiences of having no family, she tried to buy her family.”