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Financial Integration:
Connecting The Client's Past, Present, and Future

The Problem: An Incomplete Financial Road Map

We financial planners see ourselves as responsible for creating financial road maps for our clients. We view ourselves as the financial guides, responsible for leading the clients where they want to go. The problem is that some clients don't actually go where they have told us they want us to take them.

How often have you sat in front of these clients and gone over lists of things they needed to accomplish in order to reach their stated goals and objectives: drafting a will, setting up a new corporation, reducing their spending, increasing their retirement plan contribution, selling an asset, etc. The clients, seeming in perfect harmony with what needed to happen to make the plan a reality, would nod and approve and agree to implement everything on the list. Then they would walk out of the office and either literally or figuratively toss the list into the trash. At future meetings, you would address the apparent lack of progress. The clients would apologize, offer reasonable explanations as to why they didn't follow through, and promise again to take action. Over time, however, no amount of begging, reminding, or cajoling on your part ever resulted in any lasting change.

Your carefully-prepared road map assumed that you knew exactly where the clients were starting from and exactly where they wanted to go. The trouble was that neither your clients nor you knew where they were really starting from or where they really wanted to end up. As a result, your financial road map was incomplete.

I have learned in recent years that helping these clients built valid road maps toward the future requires as the first stage of the journey a trip back into the past. This includes a sometimes-painful but essential exploration of the "shadow" side of interior finance. It is only after addressing and resolving these clients' interior blocks related to their money relationships that we can apply the traditional exterior tools of our craft to solve their financial problems and get them where they want to go.

The New Paradigm: Interior and Exterior Finance

Richard Wagner, JD, CFP®, is a financial theorist whose firm, WorthLiving, LLC, is based in Denver, Colorado. He is credited with developing the concept of interior and exterior finance. He defines exterior finance as, "financial information you can see and touch, that you can put in front of your face and see, for example the daily news, your budget, and checking accounts." This is the data that we as financial planners are comfortable with and skilled at collecting.

But there is another component of data collection that is much more difficult but every bit as important as gathering the exterior financial data. This is the clients' interior financial information. Wagner defines "interior finance" even more broadly as, "those aspects of our individual and social relationships with money, including the fact that money even exists." It is about the clients' relationship with money: their belief systems that include how they think, feel, and act about money. None of this interior information is currently included in the traditional data collection process.

Working with the interior aspect of money requires skills that financial planners are not currently taught. While traditional financial planners do a wonderful job of collecting the cognitive or exterior financial data, they are woefully under-trained and inexperienced at gathering a client's interior or emotional data.

Many in our profession will strongly contend that this is where we should stop, that going any further than gathering and analyzing the cognitive data takes us into territory where our profession does not belong. While that paradigm is true today, I believe it will change. The future financial planning process will embrace both the exterior and the interior aspects of money. Notes Wagner, "Obviously, financial service industries are oriented to the exterior. Most advisors consider money work to be particularly exterior. Personally and culturally, we devote extraordinary resources to it. Perversely, our tools for addressing interior concerns are unimpressive."

Exploring our clients' right-brain, emotional, and interior relationship with money that we left-brained number experts have viewed as foreign territory is exactly what the financial planning process of the future needs to do in order to genuinely and comprehensively meet clients' needs. We have proven that the traditional approach to ascertaining clients' goals and objectives is inefficient, to say the least. Not every CFP® practitioner or financial planner will need to engage in or become skilled in interior work, but the financial planning process will need to address clients' interior issues around money in a manner that is more integrated and inclusive than our current financial planning model.

An increasing number of financial planners are beginning to recognize this need. The best financial planners and financial planning practices of the future will spend as much time and be just as skilled at gathering the client's emotional data around money as they are today at gathering the cognitive data. *The most effective and dynamic financial planning of the future will integrate the exterior talents of the traditional financial planner with the interior skills of a counselor*.

The History of Interior Finance

The first evolution toward expanding the manner in which we gather and integrate clients' interior financial information into the financial planning process started with a small group of financial planners, co-founded by Dick Wagner and George Kinder, CFP®, who called themselves the Nazrudin Project. They had a suspicion that genuinely effective financial planning needed to be more than just collecting and disseminating cognitive information and solutions. Instead, it needed to integrate the clients' emotional relationships with money as well as the cognitive data.

The early work by the Nazrudin Project primarily focused on expanding the techniques used by planners to determine their clients' goals and objectives by helping clients drill down to uncover their authentic goals and objectives.

The profession has begun to develop some terms to attempt to describe financial planning that incorporates this process. Coaching, life coaching, life planning, financial life planning, and even financial planning have all been used. George Kinder states that a financial planner engaged in life planning is "in the dream business." He defines life planning as, "helping clients discover their mission in life and applying professional skills to help them accomplish that in the shortest time possible." Whatever term you may choose to call this process, its focus is to help clients look forward from today to what they want to construct in their lives.

Two of the best works that addressed the need of clients and planners to uncover authentic goals were written in the late 1990's. George Kinder wrote *The Seven Stages Of Money Maturity*. Maria Nemeth, Ph.D., a psychologist, published *The Energy of Money*. Both of them developed a series of exercises designed to lead a person to a deeper awareness of what Kinder calls "heart's core values" and Nemeth calls "life intentions."

Scott Fithian, CLU, ChFC, of Quincy, Massachusetts, calls this process "discovery." It is an extended process of leading clients through a series of questions and exercises designed to flesh out what is important to them and where they really want to go in life. It gives clients time to reflect, explore, and uncover what is most important to them in life.

I want to emphasize that this discovery process is no easy task. It is not something that is done once in a financial planner's or counselor's office and then is finished. It is a dynamic process and can take years. For some, it can take a continuous amount of work that may span several years for them to get a clear idea of who they are, what they excel at, and where they generally want to go with the rest of their lives. This is not easy work, nor is it work that happens quickly for most of us.

While the process of discovery is absolutely necessary, in many instances it is still not enough to enable the planner to construct a complete financial plan that the client is almost sure to follow. Knowing what you want to move toward is only half the equation. The other half is to know where you are starting from. *Before you can help your clients get to where they want to go, you have to know clearly where they are right now. For some clients, that means enabling and encouraging them to look at the shadows of interior finance.*

The Missing Piece: Understanding the Past

This is the piece that is still missing from the discovery process or the life planning process as most financial planners currently use it. While knowing where you want to go requires looking ahead, *knowing how you got to where you are now requires looking backward*.

Helping clients establish where they are is a crucial part of the deeper discovery process that I call the financial integration process. For many clients, the trip to the future they so desperately want has to start with a trip into their past. For them, there is no going forward without going backward. *Our clients can only go as far forward as they have journeyed backward*. The journey to financial integration requires going back to the original starting point, which was birth, to figure out where one has traveled to today. Understanding their unconscious beliefs about money, or the "money scripts" they have followed since childhood, will illuminate and let clients understand their current relationships with money. With that knowledge, our clients can begin to experience transformational and permanent behavioral changes around money.

Wagner describes the difference between the forward focus of life planning and the journey into the past of one's relationship with money as similar to snorkeling versus scuba diving. The first looks only a slight distance beneath the surface, while the second explores the depths.

This is where I will part company with so many of my financial planning peers. It is currently considered "cutting edge" for a planner to address what we can call the "light side" of interior work—that is, the life planning focus of helping clients explore their dreams and look to the future. Looking back into a client's past, however—addressing the "shadow side"—is a different matter. Just about any illogical financial behavior will have its roots in our past experiences and beliefs. Ted Klontz, a nationally recognized speaker, author, and counselor, says, *"Any financial behavior, no matter how illogical, makes perfect sense once we understand the underlying money scripts*."

For example, Klontz and I recently worked with a high income earner who was spending three times his current income. This financial behavior was perfectly understandable when we discovered that some of the money scripts he received from his parents were that his success was a fluke, he didn't deserve to have money, and he could only be liked if he spent more money on those around him than on himself.

Looking at our past is the part of the interior journey that most clients, planners, coaches, and even many counselors would just as soon skip. This is where many firmly draw the line. My experience is that when most of us "draw a line," we do so out of fear rather than enlightenment or possibility.

Such fear is very normal. Human beings have always feared the journey into the past. We generally spend a significant part of our lifetime trying to avoid the pain of looking back. We laugh about it, make jokes, and trivialize it away. "Get over it." "Get on with life." "It's water under the bridge." Those are the attitudes and mantras most of us have about looking backward. We have an innate fear of looking into our past.

Yet without that exploration, we cannot understand where we have come from. *Without understanding our past relationship with money, we cannot understand our current relationship with it or hope to change our future relationship.* Regardless of your clients' avoidance mantras of choice, without a journey into the shadows of the past, they won't know where they are today. And if neither they nor a skilled professional know where they are today, they will have no clue where they are really heading.   Uncovering and resolving our entrenched beliefs and thoughts around money, of which we are totally unaware, is paramount before we can make significant progress toward changing our illogical and hurtful financial behaviors.

Of course, this fear of the journey backward is not limited to clients. Financial planning professionals and counselors are all human beings. We are as resistant as our clients to looking at the past.

Gayle Colman, CFP®, of Carlisle, MA, is well known for saying, "You can only take your clients as far in their interior journey as you've traveled yourself." This attitude, which may seem intuitive to some, is rare. It is rare to find financial planners who have done their own interior work, including traveling the road to the past.

The Future: Integration of Financial Planning and Therapy

I am suggesting that the best financial planners of the future will be those who are on conscious interior journeys around their own relationships with money and who will obtain the necessary skill sets to apply both interior and exterior financial skills in their financial planning practices. These journeys will include trips into the past to understand and become aware of how their past money histories affect their lives today. Such explorations can encompass many approaches and techniques. At some point, however, most journeys into the past will include engaging the help of a counselor.

If you ask ten people what counseling or therapy is, you're likely to get ten different answers. To some, therapy is simply "washing your dirty laundry in public." To others, it is treatment only for the mentally ill or seriously disturbed. To others, it may be strange "new age" stuff involving gurus and crystals. None of these are what I mean by a therapeutic journey into the past.

My experience is that most people think therapy is only for a person who is "less than" or in some way inferior to the "normal" person. If you are going to a counselor, something must be wrong with you. Well, that is partially true, isn't it?   So what's wrong with being wrong? As one financial planner recently told me, "My successes have never served me well. It was from my failures that I have learned the most in life." Something is wrong with all of us, including aspects of almost everyone's relationship with money. Many things are right, too. *Therapy is as much about seeing what is right as it is seeing what is wrong*.

I might expect the financial planning community to resist this journey into the past, but in my innocence, I never thought that the mental health professionals would have the same resistance.

They do.

In fact, most counselors' view of therapy seems to be, "Do as I say, not as I do." Says Klontz, "Probably only about ten percent of all mental health professionals have done their own interior work."

If it's that difficult to find counselors who have done and are doing their own interior work, finding one who is on that interior journey and who also understands money is even harder. At least it is today. That will change in the future, as more financial planners receive training in counseling and more counselors receive financial training.

Until it becomes standard practice for a financial planner to have both exterior and interior training and skills, the collaborative approach is going to be the most effective way to help clients toward financial integration.

The two key players in this collaborative approach are a financial planner and a counselor, both of whom are consciously pursuing their own personal financial integration. *Together, these professionals are exponentially more capable of facilitating a transformational experience around their client's relationship with money than either one is individually.*

Even some of the "life planning" currently being done involves looking back in a limited way. The clearest example would be George Kinder's work on helping clients identify what he calls "innocent messages" or what I call "money scripts." It involves helping clients learn, through a structured process, to become aware of emotions and to feel them. However, most of this planning consists of looking forward.

One reason for this, which we've already discussed, is the fear most planners as well as their clients have around looking backward. A second reason is that most of us do not have the skills and tools to help clients explore the past. We are not collectively skilled enough even in doing "life planning" to help all of our clients identify their issues and authentic goals, then to assist them in altering their behaviors to be in alignment with their goals.

Another problem with "life planning" is that the boundary between looking forward and looking backward can blur very quickly. It can be hard to keep the two separated. I have experienced this both in my own interior work and in working with my clients. On several occasions in the "life planning" process, we have run up against a difficult interior issue from the client's past.

Some planners, like George Kinder, are incredibly skilled at right-brained activities and are very effective at assisting clients in behavioral change. Ted Klontz suggests that, whether we call it that or not, a lot of "therapy" goes on in this type of financial planner's office. Still, even the best financial planners know there are areas that cross the boundary from "life planning" or coaching to therapy. Even the best of us can only support a client so far. But how far is too far? It would seem to me that those of us doing "life planning" must at some point back away from clients' interior work at precisely the wrong time, because we don't have the skills to help them go further.

What if, when we hit those moments in our office where we have taken clients as far as we can ethically, skillfully, or legally can take them, the opportunity and desire is there for them to go further? Right now, we have to shut the process down or try and refer them out to a counselor. In many cases, we may hesitate to make the referral because of clients' misperceptions about therapy or because we don't know a counselor with the appropriate training.

How would the outcome of this scenario be different if a counselor, trained in financial integration, was sitting beside us and could take over the conversation and help the client go further? The counselor would have been privy to all the financial information and client reactions up to that point. He or she could seize the opportunity to lead the client to a deep awareness and transformation. That moment may well be lost if it has to be recreated at another time and place. It is likely that getting the client to that change point again may require the time and expense of several sessions over a period of time.

What if we as financial planners had counselors working with us, present in client meetings, who could work with clients' deepest money issues, thereby facilitating an outcome that neither of us could accomplish by ourselves? How much more exquisite financial planning might our firms be doing?

I have done this kind of facilitation with several counselors. We have seen the life-changing outcome it can create for clients, which surpasses anything that either the counselor or I could do independently.

In one case, I had tried for several years, with limited success, to persuade a couple to stop giving money to their son and daughter. This couple were jeopardizing their own future by siphoning money from their retirement investments. They understood cognitively the need to change this behavior, but they had been unable to do so. Finally I was able to work with them in collaboration with a therapist. This allowed them to explore the emotional reasons behind their financial enabling—primarily the guilt they felt over not having been available enough when their children were small. Only when they addressed this guilt with the help of the therapist were they able to begin to stop the enabling that was damaging to them and to their children.

Another of my clients was a woman, accustomed all her life to pinching pennies, who inherited a large sum when her husband died suddenly. Her response to the inheritance was disgust, shame, and guilt. She was reluctant to accept the money, didn't feel she had a right to use any of it for herself, and felt obligated to give it all away. Fortunately, before she got rid of everything, she agreed to try the financial integration process. The therapeutic techniques helped her work through her grief and guilt and come to a more balanced view of her inheritance. She still felt strongly that she wanted to give much of the money away eventually, but she also was able to accept it with gratitude and use it to meet her own needs.

One key to those and other successful results has been the fact that the therapist and I were in the *same room, at the same time*, with the clients. This allowed us to apply information, observations, and skills that would never have been present in the room where only one of us was working with the client. It was the combination that was so powerful.

Currently, I use the collaborative approach when I engage a new client or when I run up against a significant financial block. Perhaps the client is having budget issues we cannot resolve: overspending, underspending, or not following a savings plan. Maybe the client is stuck on the design of an estate plan, on succession planning, or on taking too many or too few risks with investments. This is when I bring in a counselor to work with the client and me to help the client get to the root of the matter.

In this setting, the financial planner is still the financial planner and the counselor is the counselor. Both professionals need to understand that distinction and observe that boundary. In order to do so, both need to have done their own work in the other's professional field. The counselor needs to have addressed his or her money issues, and the financial planner needs to have done his or her own therapy.

I really want to stress this. *To produce the best possible transformative results for the client, the financial planner and counselor must both have addressed their interior* *and exterior money issues. Anything short of that standard will produce inferior, if not disastrous, results.*

For some financial planners, such collaboration may raise questions of appropriateness or integrity. Does a financial planner belong in the room while a counselor is helping a client work through deep, painful issues?

If those issues affect the client's relationship with money, absolutely. That is, of course, assuming the following: that both counselor and financial planner are ethical and competent; that both have done and continue to do their own interior work; that no agenda is forced on a client; that clients go only where they want and are willing to go; and that clients can pass, stop, leave, or confront at any time without judgment, shaming, or manipulation from either the planner or the counselor.

Financial planners already are involved with a great deal of personal, emotional information about our clients. We are often among the first to be told of engagements, divorces, terminal illnesses, and other intimate details of their lives. We already are involved with many of clients' times of sadness, joy, and fear. Collaborating with a counselor only allows us to offer clients more competent help and support during such times.

Applying the Collaborative Approach

Many financial planners may see the theoretical value of being able to offer clients a combination of financial planning and therapeutic skills. They may, however, see difficulties in its practical application. Isn't the added cost of this combination of services prohibitive? Are financial planning firms supposed to add counselors to their staffs? Would those counselors be expected to sit in on every client meeting? Does this mean that in the future financial planners will have to obtain degrees in counseling? Won't time spent in these interior areas take away from the primary focus of financial planning?

These are legitimate concerns. Yes, at least in the short term there would be an increased cost. Though many clients could afford such services, most could not. As financial integration gained acceptance throughout the industry, however, we would be able to develop and deliver it more affordably.

Not all clients would need or want such services, any more than all clients currently need prenuptial agreements, long term care insurance, or advice on incorporating their business. For those who did, however, we would be producing superior results. We would be helping clients become more successful, both financially and personally.

Larger financial planning firms certainly might add counselors to their staffs. This would be no different from including money managers, stock analysts, or other professionals in order to offer clients a full range of financial planning services. Some large firms already do so. But most financial planners are boutique firms. Smaller firms might easily contract with counselors for part-time services. It likely would be neither practical nor necessary to have a counselor involved in every client meeting, but collaborating on at least the discovery process would be of great value to clients.

And what of the possibility that financial planners of the future may be expected to obtain degrees in counseling? Perhaps, indeed, the CFP® curriculum will be expanded to require at least a minimum of training in counseling or coaching. Perhaps the CFP® designation of the future will require the equivalent of today's double major in financial planning and counseling. Some, like Wagner, will argue that "the training around interior skills cannot be reduced to an examination." Adds Kinder, "The training needs to be interpersonal."

If the financial planning community chooses not to incorporate this emerging competency, perhaps a new designation, such as "Financial Integration Counselor" or "Financial Integration Specialist," may be created for those planners who choose to obtain such training. A new designation or certification is a real possibility if our profession does not recognize the growing need for this type of training and service.

Just as more financial planners are coming to understand the value of interior work with our clients, so is the mental health profession beginning to realize the need to address financial issues, for both themselves and their clients. Ted Klontz and I were recently asked to spend a day training on financial integration to a group of 52 counselors. Among those I have talked with recently are a master's degree counselor who now offers financial therapy around budget issues, a college graduate who completed her major in financial planning and is now working on a master's degree in family therapy, and several Ph.D. psychologists who are in various stages of becoming CFP® practitioners.

This overlap of the two professions is in its embryonic stage, but it is happening. Ultimately this is coming about in part as a result of client demand. Consumers are becoming increasingly aware of the importance of balance and self-fulfillment in all aspects of their lives, including their relationship with money. When *The Wall Street Journal* featured the "Healing Money Issues" workshop offered by Onsite Workshops, Inc., (www.onsiteworkshops.com) which is the first workshop of its kind to blend cognitive learning about money with therapeutic techniques to resolve money issues, the reader response was both extensive and positive.

As awareness of the value of financial integration spreads, the financial planning profession has choices about how to respond. One choice is for us to withdraw to the safe, traditional territory of "pure" finance, where we can sit mumbling to ourselves about co-variances and asset allocation. Or we can choose to move into the larger space opening in front of us, collaborating with other professionals to help our clients heal money issues at deeper levels that we ever dreamed possible. By making that choice, we can help clients increase their quality of life at the same time we enhance the quality of our profession.