



MILITARY FAMILIES LEARNING NETWORK

Financial Therapy Insights for Financial Counseling & Education

<https://learn.extension.org/events/2019>

U.S. DEPARTMENT
OF DEFENSE



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MILITARY FAMILIES LEARNING NETWORK

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**This webinar is approved for 1.5 CEUs for AFCs &
CPFCs**

*A link to the post-test will be provided at the end of the
webinar.*



MILITARY FAMILIES

LEARNING NETWORK

Research and evidenced-based
professional development
through engaged online communities.

eXtension.org/militaryfamilies



PERSONAL FINANCE

Military Families Learning Network

Providing continuing education opportunities and resources for financial educators working with military families



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Available resources

https://learn.extension.org/events/2019#.VVVo_oGTBzGc

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Wednesday, June 3 at 11:00 am EDT
90 minute session

Location: <https://connectcol.dco.dod...>

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CONNECTIONS



Connections include attended, followed and watched

Financial Therapy Insights for Financial Counseling & Education

<https://learn.extension.org/events/2019>

Find slides and additional resources under 'event materials'

Dr. Mary Bell Carlson

- Education in Financial Planning & Therapy
- Worked at OSD Military Family & Community Policy
- Worked as an Army SOS financial counselor
- Continues to consult for military & related communities



FINANCIAL THERAPY INSIGHTS
FOR FINANCIAL COUNSELORS
AND EDUCATORS

Dr. Mary Bell Carlson, CFP® , AFC® , CRC®
Financial Behavior Expert

What would you say is your primary career focus?

1. Financial planner
2. Financial counselor
3. Financial coach
4. Financial educator
5. Extension specialist
6. Student
7. Financial therapist
8. Other

Are you a:
(can pick more than one)

1. Military spouse
2. Active duty military
3. Veteran
4. National Guard/Reserve
5. Military service provider

OUTLINE

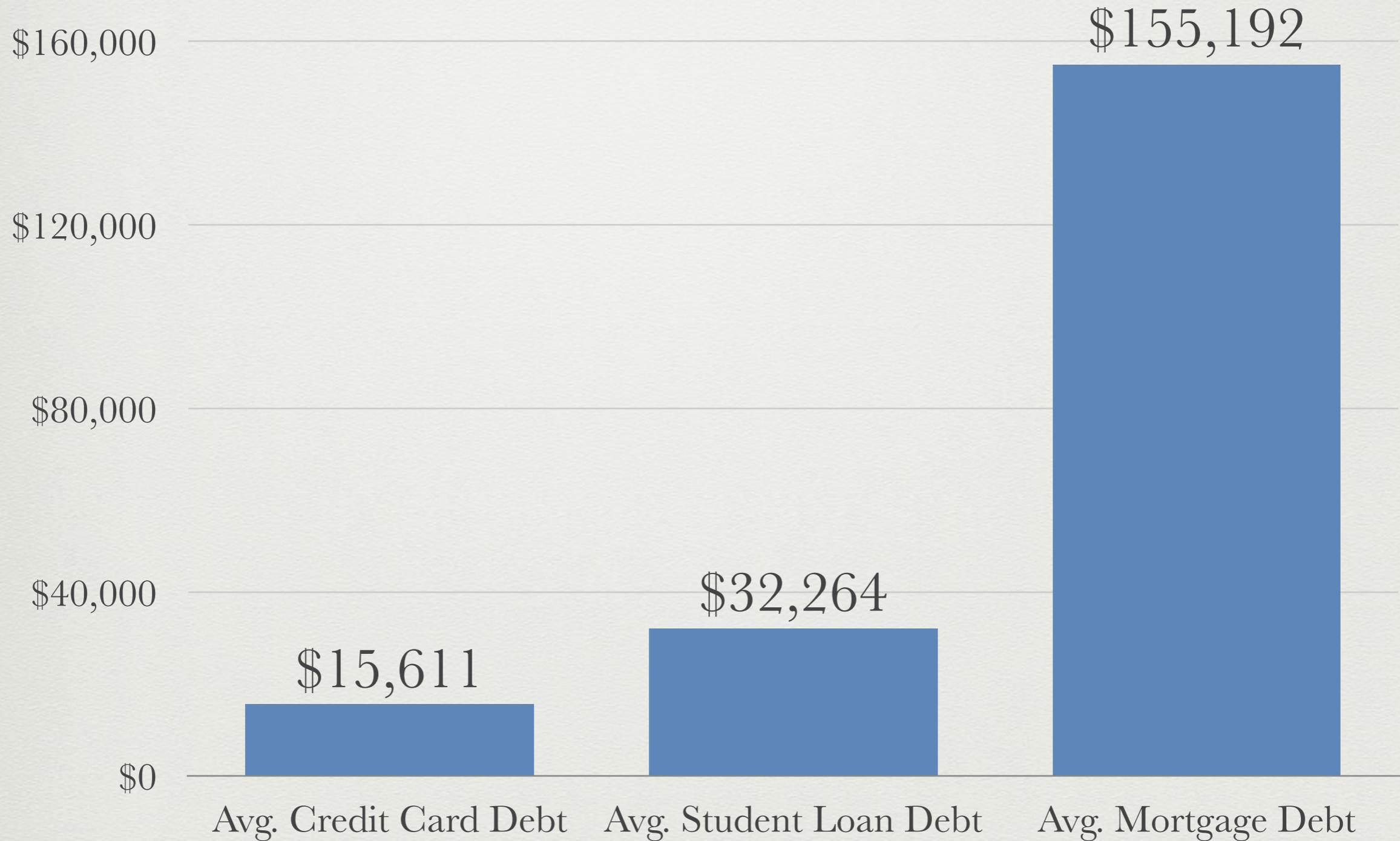
- Debt in America
- A new solution: Financial Therapy
- Applications for practice enhancement
- Resources



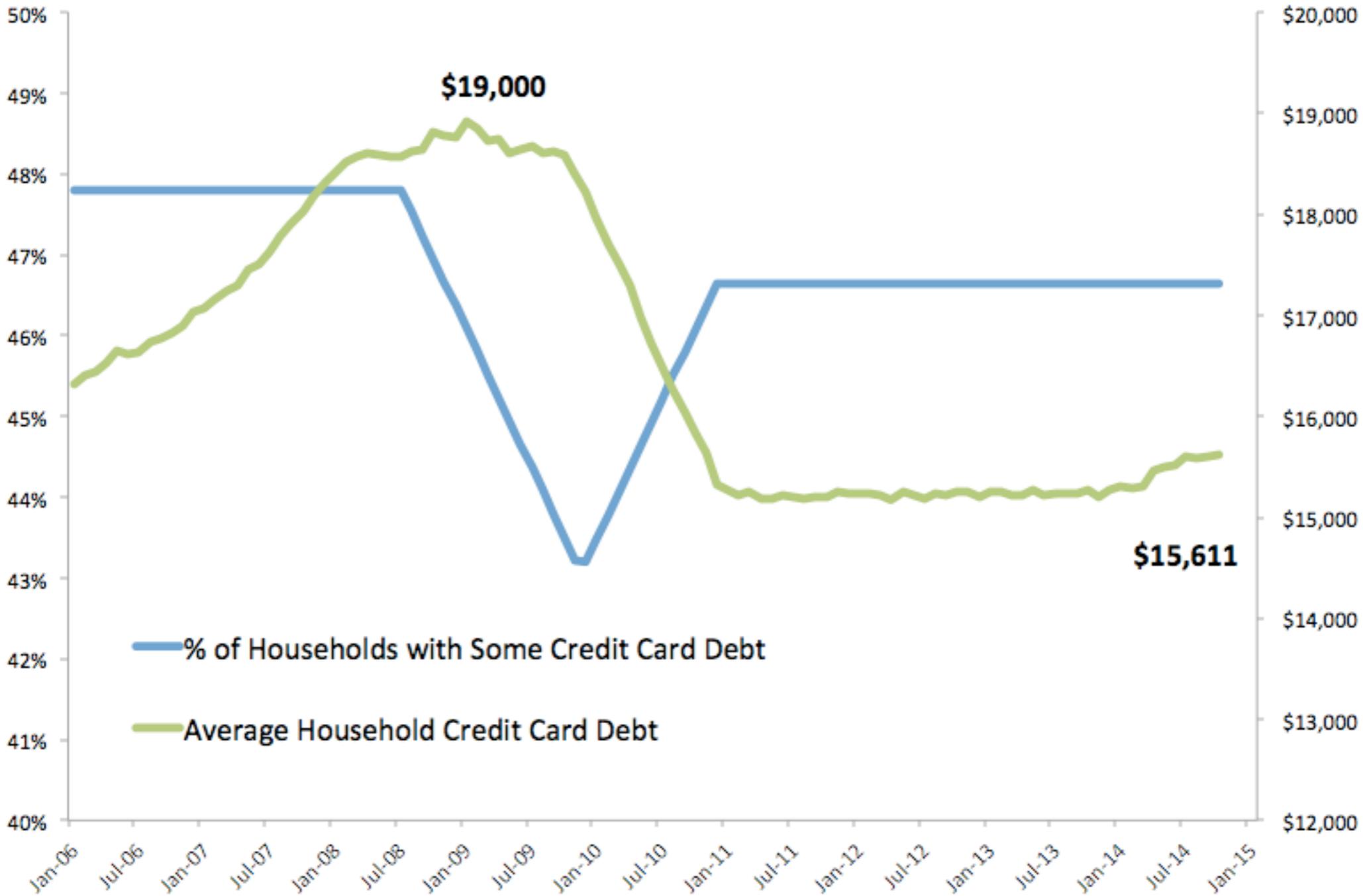


DEBT IN AMERICA

U.S. Household Consumer Debt



Credit Card Debt, Average US Household



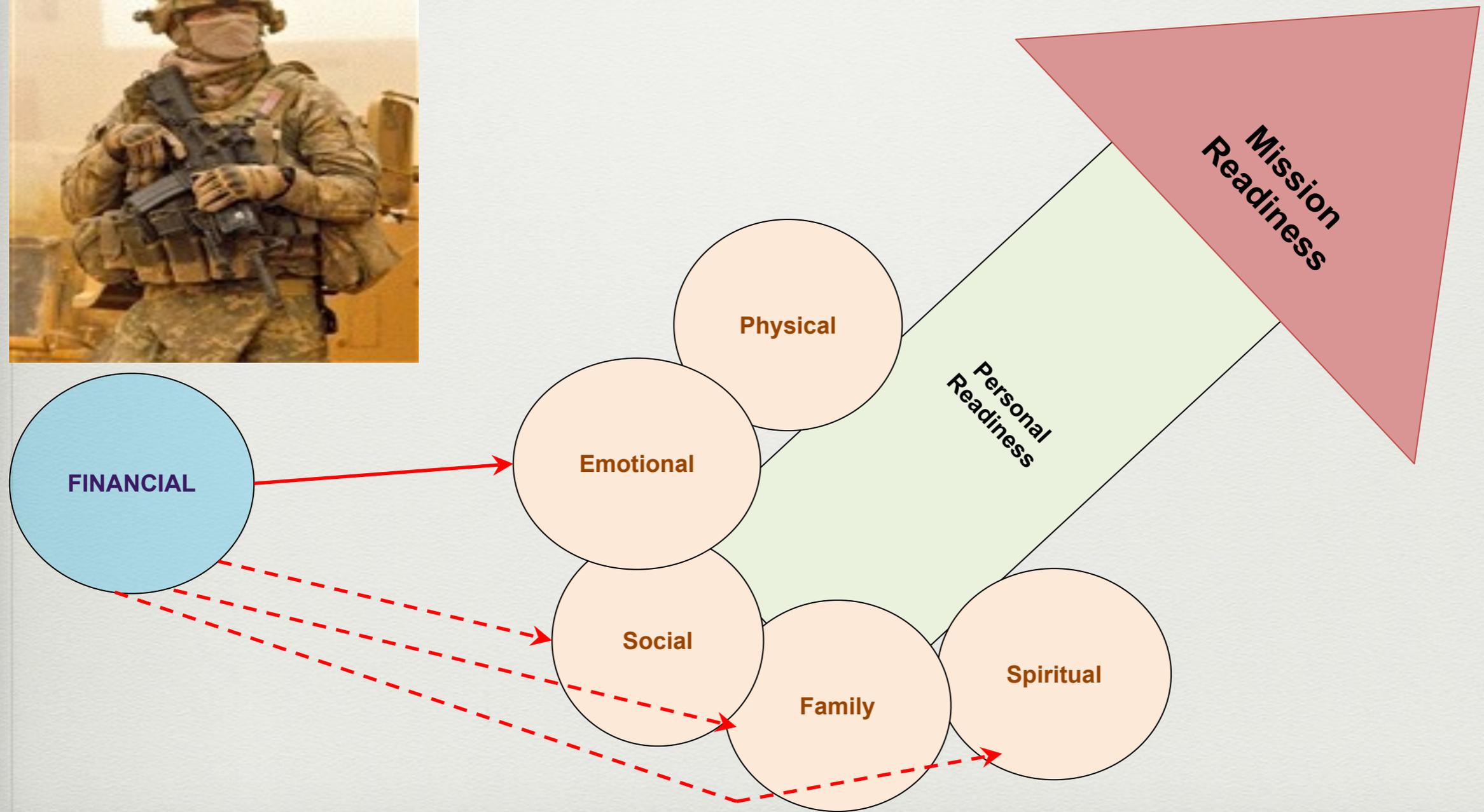
Source: Retrieved from Nerd Wallet: <http://assets.nerdwallet.com/blog/wp-content/uploads/2014/03/Screen-Shot-2014-12-14-at-1.40.01-AM.png>

Economy is getting better but stress about money is still prevalent

- Money is the #1 source of stress
- $\frac{3}{4}$ stress “some of the time” about money
- $\frac{1}{4}$ experience extreme stress about money
- $\frac{1}{3}$ said that finances or lack of money prevented them from living a healthy lifestyle
- 1 in 5 americans have considered or skipped going to the doctor when healthcare was needed in the past year because of financial concerns



Comprehensive Soldier & Family Fitness



“The Department of Defense considers debt from any source a concern and a potential threat to readiness, especially if not managed properly, as it could spiral out of control and cause undue hardship. . .the financial health of our force is absolutely critical to our overall military readiness”

- DoD Acting Deputy Assistant Secretary Milam





A NEW SOLUTION: FINANCIAL THERAPY

What is Financial Therapy?

- Addresses the interpersonal and intrapersonal facets of money by “integrating cognitive, emotional, behavioral, relational, and economic aspects to promote financial health”

History of the Profession

- First internet searches for financial therapy date back to 2001
- Financial Therapy Association
(www.financialtherapyassociation.org)
 - Mental health (e.g., marriage and family therapists, counselors, psychologists, social workers, life coaches)
 - Financial services (e.g., financial planners, financial counselors, financial educators, financial coaches) professionals
 - Researchers/scholars



Financial Planning

- Proactive
- Future oriented
- Utilizes products & services to meet client goals
- Offers advice and/or gives recommendations
- Long-term, dependent relationship desired

Financial Counseling

- Primarily focused on debt & credit counseling
- Predominantly engaged in helping clients change negative situations and behaviors
- Based on problem resolution
- Focus is on financial-specific goals
- Shorter engagement
- Educating client to be independent

Financial Coaching

- Focused on solutions
- Aimed at optimizing behaviors
- Fits into an advisory model
- Provide encouragement & support for behavioral changes (not therapeutic)
- Longer term relationship desired, but with an independent focus

Financial Therapy

- Proactive and reactive
- Considers financial, psychological and systemic impediments to financial well-being
- Based on a medical model
- Covers a range of issues
- Value-based
- Considers beliefs, behaviors, and relationship dynamics
- Helps client become independent, if possible

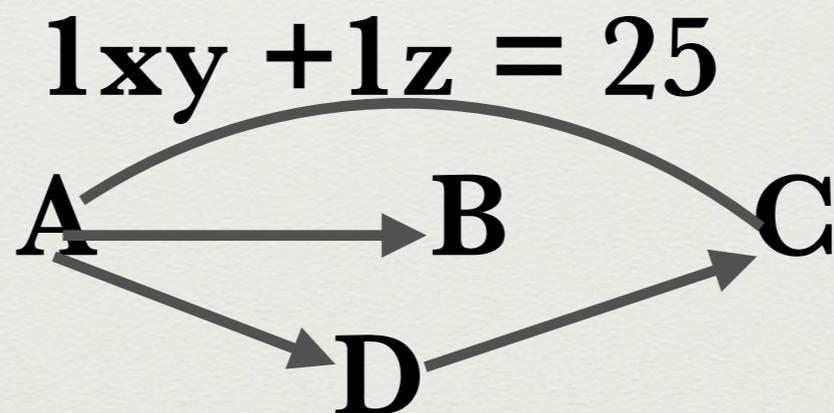
Views of the World

- Advice Givers

$$1+1=2$$

$$A \rightarrow B \rightarrow C$$

- Clients



Question

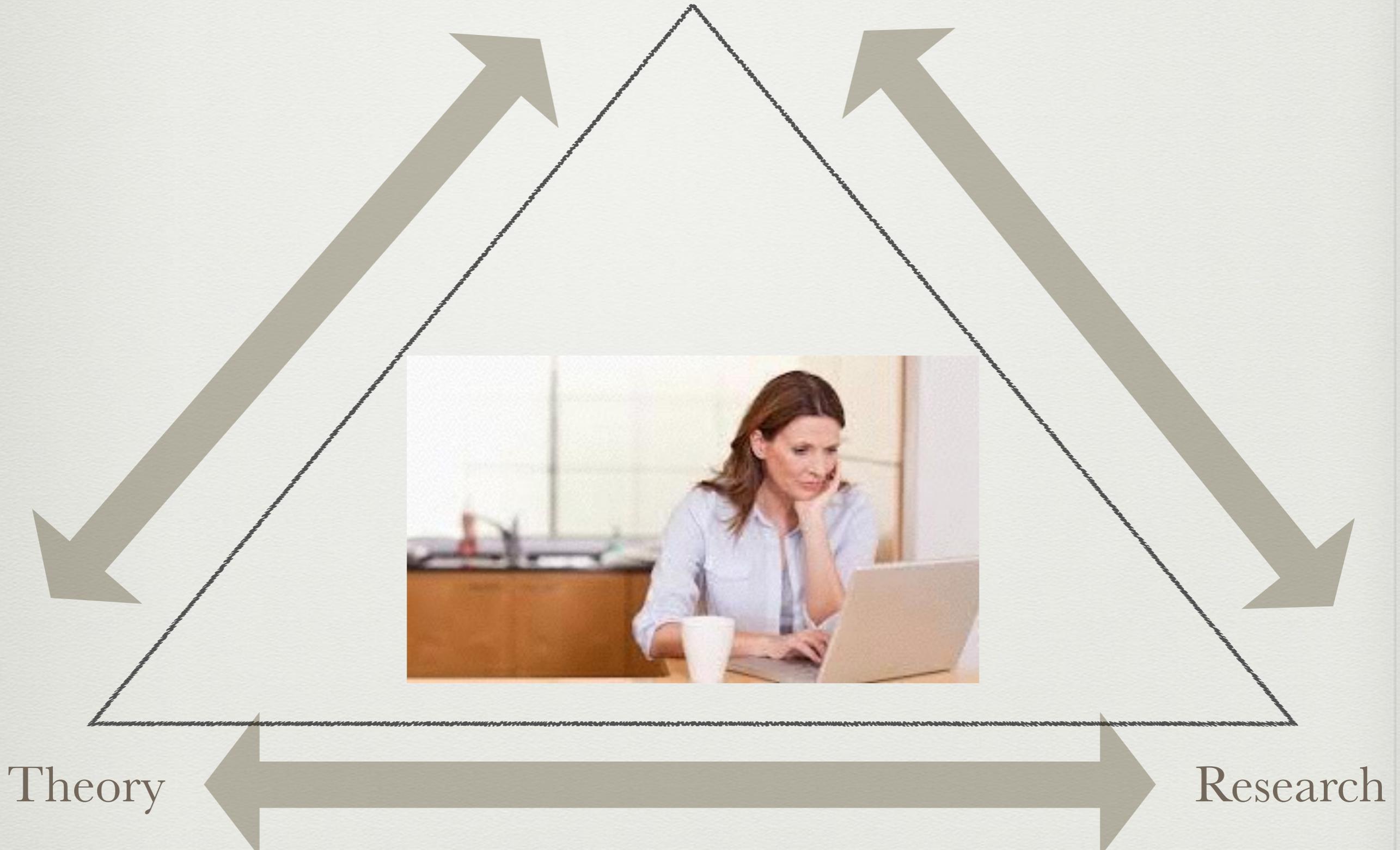
- Do you currently need a license to practice financial therapy?



THEORY & APPLICATION

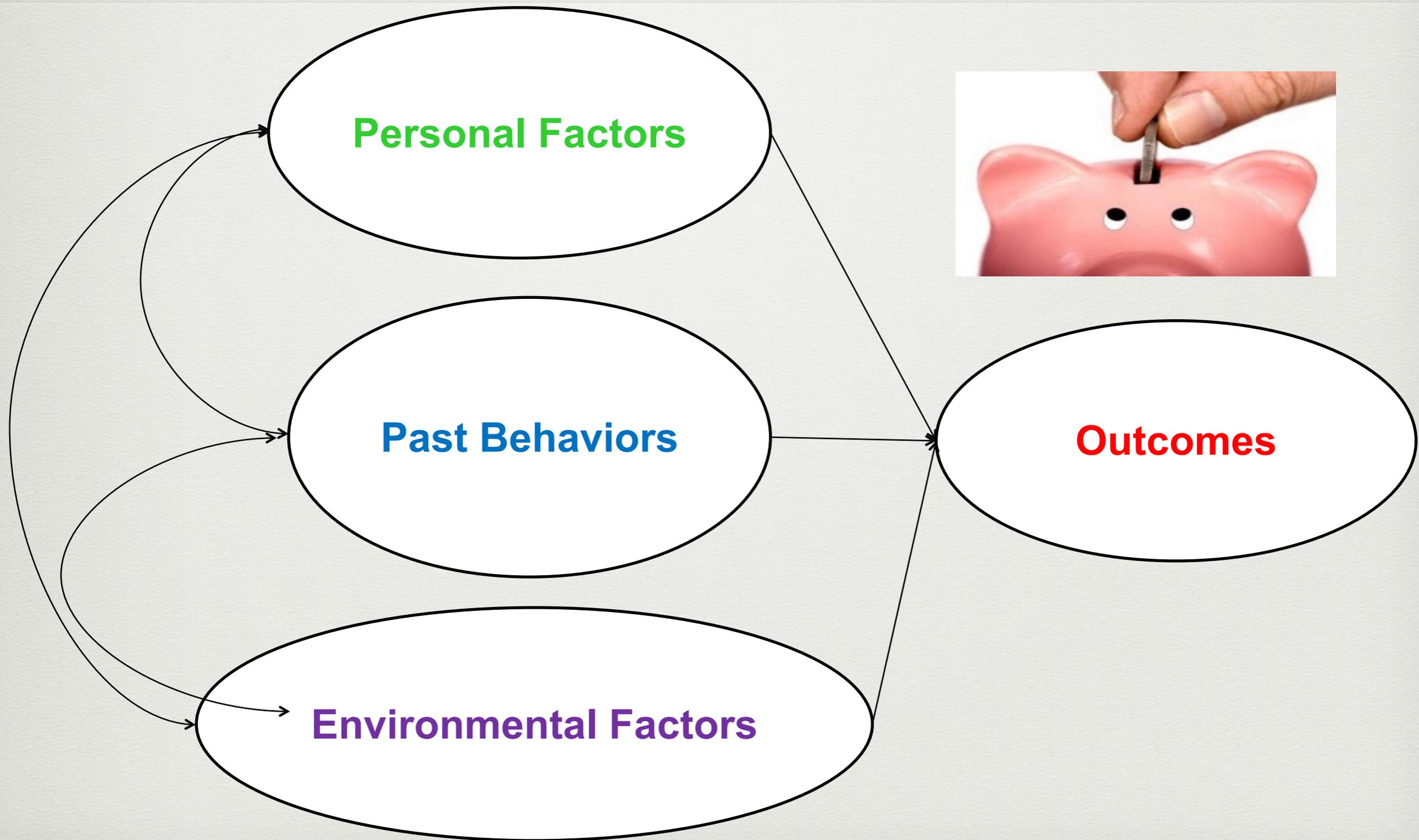
FOCUS: “How can financial therapy theory, research and practices help you in your financial planning, mental health, coaching, counseling, and/or research work within the scope of your professional practice?”

Practice



Social Learning Theory

(Bandura, 1977)



Age

Ethnicity

Financial Knowledge

Locus of Control

Financial Anxiety

Credit Card Debt

Emergency Savings Fund

Communication Sources

Deployment

Financial Behavior Outcomes



Question

- Within the framework of this research, what do you hypothesize makes a difference in the financial behaviors of Soldiers?

Age

Ethnicity

Financial Knowledge

Locus of Control

Financial Anxiety

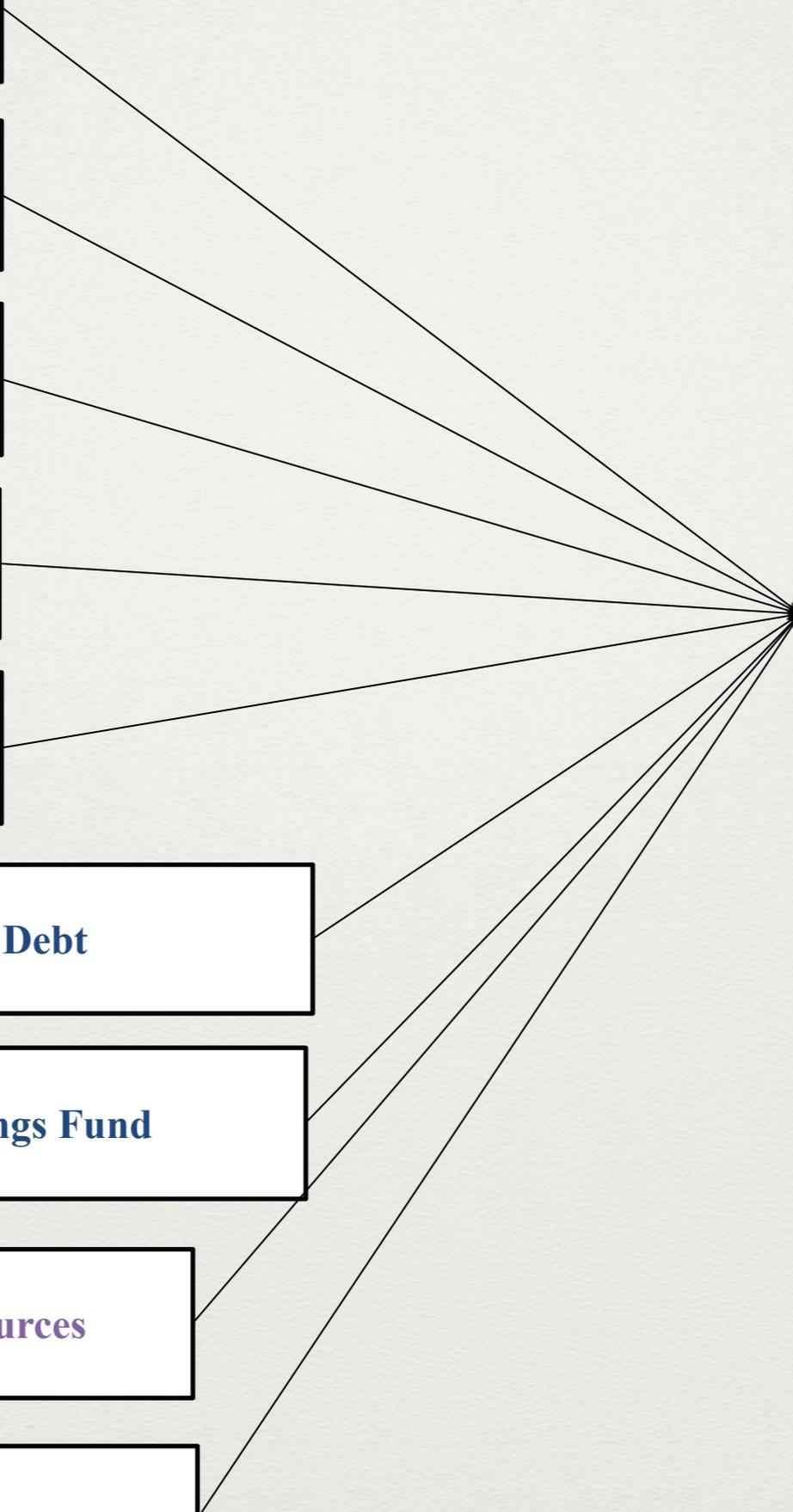
Credit Card Debt

Emergency Savings Fund

Communication Sources

Deployment

Financial Behavior Outcomes



Factors that did **NOT** impact financial behaviors significantly

- Rank
- Age
- Ethnicity
- Number of Deployments
- Having dependents
- Education level
- Gender
- Students vs. Soldiers



Other: Communication sources (i.e., Spouse, PFM, PFC, Military OneSource)

Principles of Positive Financial Behaviors

1. **Better past financial behaviors** lead to better future financial behaviors
2. **Feeling more financially knowledgeable** leads to better financial behaviors
3. A person who **feels in control of their life** has better financial behaviors
4. **Less financial anxiety** leads to better financial behaviors

Other: Married Soldiers had better financial behaviors than single Soldiers

Reduce stress & anxiety
Remove stigma of help seeking

**Encourage personal
responsibility & accountability**

Enhance financial knowledge
Help client FEEL more financially knowledgeable

Build a relationship of trust
Greatest indicator of behavior change is the relationship between the therapist and the client (Carl Rogers, 1957)



APPLICATIONS FOR PRACTICE
ENHANCEMENT

Practical Application #1:
Stages of Change

Precursors to Change

3 Necessary Conditions for Change

1. The perceived importance of the change
2. The client's perceived confidence in his or her ability to change
3. The client's readiness to change

Stages of Change

(Prochaska et al., 1994)

1. Precontemplation (unaware they have a problem)

Stages of Change

(Prochaska et al., 1994)

1. Precontemplation
2. Contemplation (aware they have a problem)

Stages of Change

(Prochaska et al., 1994)

1. Precontemplation
2. Contemplation
3. Preparation (begin making commitments)

Stages of Change

(Prochaska et al., 1994)

1. Precontemplation
2. Contemplation
3. Preparation
4. Action (begin putting plans in place)

Stages of Change

(Prochaska et al., 1994)

1. Precontemplation
2. Contemplation
3. Preparation
4. Action
5. Maintenance (lived with changes & can look back with insight on past behaviors)

Stages of Change

(Prochaska et al., 1994)

1. Precontemplation
2. Contemplation
3. Preparation
4. Action
5. Maintenance
6. Termination (behavior is fully integrated)

Practical Application #2:
Establishing Trust

Carl Rogers

Person-Centered Therapy

1. Congruence

- The willingness to transparently relate to clients without hiding behind a professional or personal facade.

Carl Rogers

Person-Centered Therapy

1. Congruence

2. Unconditional Positive Regard

- Offers acceptance without conveying disapproving feelings, actions or characteristics and demonstrating a willingness to attentively listen without interruption, judgement or giving advice.

Carl Rogers

Person-Centered Therapy

- 1. Congruence**
- 2. Unconditional positive regard**
- 3. Empathy**
 - Desire to understand and appreciate their clients perspective.

Question

How would adding one of these three components change the way you view clients and your ability to help?

1. Congruence
2. Unconditional positive regard
3. Empathy

Reflective Listening

- Interpret & summarize client's statements
- Reflect back in the form of a statement instead of question

Reflective Listening

Examples:

“You’re having difficulty saving?”

“You’re having difficulty saving.”

Practical Application #3:
Solution-Focused Financial Therapy

Basic Assumptions of Solution Focused Therapy

- If it isn't broken, don't fix it
- If it works, do more of it
- If it's not working, do something different
- Small steps can lead to big changes
- Solution is not necessarily directly related to the problem
- No problems happen all the time: there are always exceptions that can be utilized
- The future is both created and negotiable

Solution-Focused Techniques

- Positive, collegial, solution-focused stance
- Looking for previous solutions
- Looking for exceptions
- Questions vs. directives or interpretations
- Present- and future-focused questions vs. past-oriented focus

Solution-Focused Financial Therapy Model

1. Pre-session change & past attempts
2. Scaling questions
3. Compliments
4. Miracle question
5. Solution-focused goals
6. Follow-up

Pre-Session Change

- Why now?
- What changes have already taken place since you made the appointment?
- What have you done in the past to solve this or other problems?

Scaling Questions

- Can be used in a variety of ways
- Used to establish relevancy of goals
- Helps gauge progress towards goals through client's eyes
- Highlight the progress made
- Explore what brought the movement on
- Usually scale is from 0 or 1 to 10

Scaling Question Example

Think of your relationships with your clients:

How would you rate yourself on a scale from 0 to 10 about your ability to building rapport with your client/student?

(0=Terrible; 10 = Excellent, I couldn't do any better)

Scaling Question Example

Think of your relationships with your clients:

Where would you like to be on the scale?

(0=Terrible; 10 = Excellent, I couldn't do any better)

Scaling Question Example

Think of your relationships with your clients:

What is one small thing you can do to move yourself $\frac{1}{2}$ of a point higher on the scale?

(0=Terrible; 10 = Excellent, I couldn't do any better)

Scaling Question Example

Think of your relationships with your clients:

What are you are already doing that you can do more of to move up on the scale?

(0=Terrible; 10 = Excellent, I couldn't do any better)

Compliments

- Use when highlighting progress or small steps
- Provides encouragement through a difficult situation
- Helps to punctuate what the client is doing that is working
- Should be meaningful, appropriate to the situation & sincere

Miracle Question

- Paint a picture of what life would be like if an unexpected “miracle” happened
- Solves all of the client’s problems
- Include additional question(s) that help understand what differences this miracle would make in their life
- Know how people around them may notice these differences

Goals

- Lead to the development of goals
- Goals must focus on what the client would like to see change in their life
- Keeps the client motivated to reach these goals
- Goals should be “concrete, achievable, and measurable”

Session-Wrap Up

- Constructing solutions and exceptions
- Is there anything I forgot to ask?
- Taking a break (team approach)
- Homework assignments
- Assessing Progress

Solution-Focused Financial Therapy Results

- Decreases depressive symptoms
- Improves clients' clinical progress financial well-being and financial behaviors
- Increases financial knowledge

Practical Application Recap

Financial Therapist Techniques

Curious

- Shows interest in learning more from the client about their lives

Collaborative

- Lacking hierarchy
- Believing the client is an expert in their own lives
- Guidance not advice
- Views client as the expert in their own lives

Practice Applications Summary

- Enhance communication skills for interpersonal issues
- Provide options to help the client make a decision
- Help clients gain control of their own lives
- Promote financial well-being
- Reduce assessing fault or blame
- Show genuine interest and concern for the client



RESOURCES

Financial Therapy Association



www.financialtherapyassociation.org/

Journal of Financial Therapy

(<http://newprairiepress.org/jft/>)

Topics of interest to readers and reviewers include:

- Pre- and post-test analyses of counseling and financial therapy methods
- Tests showing the effectiveness of financial education in changing both attitudes and behaviors
- Financial therapy trends
- Regulation of financial therapy
- Ethical issues associated with financial therapy
- Practice management techniques
- Client assessment and management procedures
- Employee counseling and therapy
- Financial therapy research methodological and statistical procedures
- Book reviews and letters

Financial Therapy
Theory, Research, and
Practice

Editors: Klontz, Bradley
T., Britt, Sonya L.,
Archuleta, Kristy (Eds.)

[http://www.springer.com/
us/book/9783319082684](http://www.springer.com/us/book/9783319082684)

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Sonya L. Britt
Kristy L. Archuleta *Editors*

Financial Therapy

Theory, Research, and Practice

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Dr. Mary Bell Carlson

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Personal Finance Virtual Learning Event

Join us today at 1 p.m. for a Twitter Chat with Dr. Carlson
#MFLNchat

- Tomorrow, 11 a.m. ET:
Step by Step Financial Coaching Techniques, Jerry Buchko

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