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When Helping Hurts

5 recommendations for planners with financial-enabling clients

by Bradley T. Klontz, Psy.D., CFP®; and Anthony Canale, CFP®

In January 2015, Thomas Gilbert Jr. was accused of killing his father. The 30-year-old, Ivy League-educated son of a multimillionaire hedge fund manager allegedly shot and killed his father over a money dispute. Is this the theme to some Hollywood drama? Unfortunately, it is all too real for the Gilbert family. Various news sources at the time reported that Thomas Gilbert Jr. was receiving a $3,000 monthly allowance for rent and living expenses, but Tom Sr. decided to cut that amount by $200 per month. That reduction in allowance may have led to Gilbert Jr.'s ire.

So why would an able-bodied, highly educated, 30-year-old son still be receiving an allowance from his father? Unfortunately, adult children on the parental dole are not uncommon. While it is easy to raise an eyebrow in disdain regarding a child taking advantage of his aging parents, for every financially dependent child there is an equally responsible financial-enabling parent. The outcome of raising financially dependent children is seldom this drastic, but is rarely ever good.

Enabling financially dependent adult children is a dynamic observed by many financial planners. It is not uncommon for planners to witness one or more of their clients burn through their retirement savings in an effort to support able-bodied adult children fund a lavish, lazy, or irresponsible lifestyle. Financially dependent adult children who continue to rely on their parents well into their 30s, 40s, and 50s, can be a significant threat to the financial health of financial planning clients.

The financial enabler and financial dependent are locked in a dysfunctional dance to the psychological, emotional, and financial detriment of both parties. The giving of money is always done with the intention to help, but it can be quite damaging. At its worst, financial enabling can feed a gambling disorder, drug habit, or life of amotivation, while destroying the financial plans of the financial enabler.

Although a referral for financial therapy may be advised, it is common for a financial planner to be the only professional in a position to identify and influence a financial enabling-dependence dynamic. Here are five considerations for financial planners who are dealing with financial enabling and financial dependence. Some of these considerations are educational in nature—information a planner can share with a financial-enabling client to challenge distorted beliefs and help motivate them to action. Others involve specific action steps a planner can recommend to clients.

1. Recognize that Financial Help Can Hurt

It may come as a surprise to know that many financial enablers do not recognize that their financial enabling is the cause and fuel for the financial dependence and related problems of their adult children. Instead, they can get lost in the details of the circumstances around the latest financial request, often believing that this is the last time they will help, and losing sight of the bigger picture. It can be difficult for financial enablers to recognize the pattern of financial enabling and financial dependence in their own family, as it challenges their family ideal. A financial planner is in a key position to help clients recognize how their attempts to offer financial help are actually causing harm. Financial dependence does not occur in a vacuum. Whether it is financial dependence on welfare, a trust fund, or regular parental

contributions, the financial dependent is being enabled.

Human beings have a natural tendency to seek pleasure and avoid pain whenever possible. Regardless of how much you love your job, there are days where you have contemplated quitting, or taking the day off to head to the beach. Putting personality aside and looking at the issue from a strictly behavioral perspective, why didn't you just quit your job or skip out on work for the day? Most likely it was because it would have caused you more pain to lose your job and diminish your ability to provide for yourself and your family, than the pleasure you would have experienced by not showing up at work for a day.

Money is a powerful reinforcer. Reinforcers, by definition, increase behaviors. When someone gets money for doing nothing, and doing nothing is a problem, the money reinforces the problem behavior. In this circumstance, giving money to a chronically financial dependent individual is akin to giving a drink to an alcoholic to relieve him or her of the shakes. Although the symptom may improve in the short term, the "helper" is just feeding the disease.

When someone receives money after making a request to a parent for money, this reinforces the behavior of asking. When someone gets money after pleading, throwing a temper tantrum, or making threats, receiving the money increases the likelihood of those behaviors reoccurring. Ultimately, it is very difficult, if not impossible, to help someone recover from financial dependence until the financial enabling stops.

2. Understand the Curse of Too Many Options

One of the consequences of financial dependence is a lack of creativity, drive, motivation, and passion, according to the 2012 *Journal of Financial Therapy* article, "Disordered Money Behaviors: Development of the Klontz Money Behavior Inventory," by Bradley Klontz, Sonya Britt, Kristy Archuleta, and Ted Klontz. When someone has unlimited choices with regard to what he or she can do with their time, they can become immobilized. They can become lost in an existential struggle as they contemplate the meaning of life and how best to discover themselves, their ideal career, ideal work environment, ideal living environment, etc.

> "When financial support has become disabling or unsustainable, it is important for it to stop. However, that does not mean that parental support needs to end."

It is not uncommon for a financially dependent adult to pursue multiple degrees in a variety of fields without ever settling on a career. It is not uncommon for the financially dependent adult to move around from job to job, quitting if the job becomes distasteful, or they have a bad exchange with a supervisor or colleague. If someone is compelled to work, they do not have the luxury or curse of spending too much time thinking about their options. They need to take a job quickly and hold onto it when times get tough. They are okay with working their way up the ladder to their ideal position. As such, they learn to delay gratification and develop skills for dealing with challenging relationships and situations, versus missing out on these opportunities for growth by quitting at a moment's notice. Ultimately, for the financial dependent to recover, they need to have fewer choices available to them, not more.

3. Acknowledge the Curse of Unstructured Free Time

Contrary to popular belief, too much free time can be bad for your health. For example, research has shown that instead of feeling happier on vacation and on the weekends, as one would expect, people actually feel more listless and depressed, according to Mihaly Csikszentmihalyi in the 2008 book *Flow: The Psychology of Optimal Experience.*

It turns out that free time is actually much more difficult for us to enjoy than work. Jobs have built-in social interactions, goals, challenges, rules, and feedback mechanisms. While we are working, we are often focused and required to use and improve our skills. In contrast, many of us spend our idle time in isolation. Our minds wander and we end up focusing on our problems, which leads to feelings of uneasiness. To cope with our anxiety, we seek out activities to take our mind off of difficulties. It is easy for us to avoid making the effort required to engage in more challenging activities. Instead, we watch television or movies, read mindless novels, or abuse substances—none of which leave us feeling stimulated or fulfilled.

Financial enabling is always associated with a desire to help, so it makes some sense to believe that funding a sabbatical for an adult child to explore his or her options, complete that novel, or travel Europe is a supportive and helpful gift. However, parents who want to provide this to their children often grew up relatively poor and were unable to enjoy these experiences themselves. Rather than being helpful in a child's development, these gifts can backfire and entrench a financial dependent. It is not uncommon for children who have been given these opportunities throughout their development to find it difficult to transition to sustained, gainful employment and financial independence.

Understanding Financial Dependence

Financial dependence has been defined as "the reliance on others for non-work income that creates fear or anxiety of being cut off, feelings of anger or resentment related to non-work income, and stifling of one's motivation, passion, and/or drive to succeed," and it has been found to be associated with lower levels of education, singlehood, and lower levels of income, but higher socioeconomic status in childhood.[1] Financial dependence has also been found to be associated with other money disorders, such as compulsive buying and gambling disorder, and patterns of dysfunctional money scripts.[2]

Differences in gender socialization have been identified as contributing to the development of financial dependence. Research shows that parents are more likely to expose boys to family bill paying earlier in their lives to emphasize working and saving behavior, and ultimately provide less financial support. And young women from higher socioeconomic status families may be at even higher risk of financial dependence, as they report lower levels of parental expectations regarding working, savings, academic performance, and a greater desire for financial dependence.[3]

Financial dependents share a common theme in their lives—someone else manages their finances, and money is given to them. As a result, many end up with low self-esteem or sense of self-worth, trouble with alcohol or drugs, and in abusive relationships.[4] When children know they don't have to do anything to get money, it is destructive to their sense of self. They don't learn how to take care of themselves and develop feelings of helplessness that often lead to low-grade depression.[5]

Prolonged dependency can also lead to homelessness as additional tensions arise out of the scarcity affecting the entire family.[6] Young people who leave home and are unsupported may lack the skills and income to secure housing, and in some cases can turn to crime to survive.[7] Dependent young adults experience higher rates of loneliness and peer rejection, which increases the likelihood that they will suffer from depression and abuse substances.[8] Women experiencing domestic violence also reported that financial dependency was a major reason why they stayed in abusive relationships.[9]

Signs of Financial Dependence

According to the 2012 Klontz et al. paper published in the *Journal of Financial Therapy* (see endnotes), some of the signs to look for in financial dependence include:

- Feelings of resentment toward money because of the "strings attached"
- A stifling of one's motivation, passion, creativity, and/or drive to succeed
- Fear of being cut off from non-work income
- Someone who has never supported themselves on their own
- Lack of basic financial knowledge and skills, such as balancing a checkbook or reading a bank statement
- Remaining in a dysfunctional relationship because of a perceived financial necessity
- Distorted beliefs about money and its ability to solve life's problems and improve self-esteem (in other words, endorsing money worship scripts and/or money status scripts)
- Being oblivious to family income level, net worth, or cash flow

Endnotes

1. See "Disordered Money Behaviors: Development of the Klontz Money Behavior Inventory," by Bradley Klontz, Sonya Britt, Kristy Archuleta, and Ted Klontz in the *Journal of Financial Therapy*, 2012, Volume 3, Issue 1.
2. See "How Client's Money Scripts Predict Their Financial Behaviors," by Bradley Klontz and Sonya Britt in the November 2012 issue of the *Journal of Financial Planning*.
3. See "Gender, Socialization, and Money," by Michael Newcomb and Jerome Rabow in the *Journal of Applied Social Psychology*, 1999, Volume 29, Issue 4.
4. See the 1991 book *Credit, Cash, and Codependency: The Money Connection* by Yvonne Kaye.
5. See "Financial Enabling Is Help that Actually Hurts" by Michelle Crouch, posted April 1, 2011 at www.creditcards.com.
6. See "Becoming Adult: The Effects of Prolonged Dependence on Young People," by Frank Maas in the February 1990 issue of *Youth Studies.*
7. See "The Increasing Financial Dependency of Young People on Their Parents," by Judy Schneider in the *Journal of Youth Studies*, 2000, Volume 3, Issue 1.
8. See "Relationships Among Loneliness, Interpersonal Dependency, and Disordered Eating in Young Adults," by Mary Pritchard and Kyra L. Yalch in *Personality and Individual Differences* 2009, Volume 46, Issue 3.
9. See endnote 1.

4. Rip off the Financial Band-Aid

Often, the chronic financially dependent person has endured multiple warnings, suggestions, urgings, and even threats that the financial help will come to an end. In many cases, these interactions are not useful, because they have not been followed by behavioral change on the part of the financial

enabler. As such, they are very unlikely to result in behavioral change on the part of the financially dependent person. In essence, the financial enabler has "cried wolf" too often, and the financially dependent individual is convinced that the enabling behavior will continue.

Ultimately, it is very difficult, if not impossible, to alter the behavior of a financially dependent person until the financial enabler cuts off the support. In working with clients around cutting off parental financial aid, it can be helpful to develop a plan of action. This plan could involve the following considerations:

Set a date at which time the financial aid will be stopped. This could be either a gradual titration of funds or a complete cessation. For many clients who have been financial enabling their adult children for years, a three- to six-month timeline for ending financial support may be more palatable than an immediate cut-off.

Brainstorm other ideas for means of support. When financial support has become disabling or unsustainable, it is important for it to stop. However, that does not mean that parental support needs to end. Alternative ways of providing support could include offering to pay for psychotherapy, career counseling, coaching, or financial planning services. In most cases, it makes sense for the parents to pay the service providers directly.

Develop a script for announcing the end of financial support. In this script, it can be helpful to include some of the following elements: (1) discuss the time at which the support will stop; (2) apologize for some of the crippling effects of the financial enabling behaviors, including using money to control or influence one's children; and (3) offer other types of support.

Develop a support system to keep the plan in place. It can be very difficult to maintain strict financial boundaries when they have been so loose in the past. Often there is an intense emotional toll that is paid in the months after financial support has been stopped. The adult children may increase their demands, impose guilt trips, or even resort to threats during this phase. As such, it may be important for parents to have adequate emotional support and encouragement so that they can maintain their efforts at fostering their children's financial and psychological development.

5. Make a Referral

Information and training are available for financial planners to help them use evidence-based tools for facilitating behavioral changes in clients, such as those brought forth by Edward Horwitz and Bradley Klontz in their November 2013 *Journal* article "Understanding and Dealing with Client Resistance to Change," and the 2008 book *Facilitating Financial Health: Tools for Financial Planners, Coaches, and Therapists* by Bradley Klontz, Rick Kahler, and Ted Klontz. In many cases, despite the advice and interventions from a concerned financial planner, a financial enabler continues to enable, and a financially dependent individual continues to be dependent. When advice and coaching skills are not enough to facilitate change, consultation with a mental health professional may be warranted, or a referral for financial therapy may be needed. One resource for finding a qualified financial therapist is the Financial Therapy Association (www.financialtherapyassociation.org).

Financial enabling behaviors can have a significant negative impact on a financial plan. It can threaten the financial health of individuals, couples, and families, resulting in delayed retirement, a need to return to work after retirement, or insurmountable debt. Financial enabling also creates financial dependence on the part of the individual being enabled. Financial dependence can be a debilitating psychological condition that can sap the motivation, creativity, drive, and passion of the financial dependent. Financial planners are in a key position to identify problematic behavior, educate clients on the negative consequences of financial enabling and financial dependence, and help facilitate change. ■

Brad and Ted Klontz to Present at FPA Retreat 2016

WELL-KNOWN father and son team, Ted and Bradley Klontz, will present two education sessions at FPA Retreat 2016, April 25–28. During their session, "Exquisite Learning Workshop" attendees will explore various behavioral finance topics and issues in a unique, intimate workshop experience.

Ted Klontz Ph.D., is a noted pioneer in the development and application of unique tools and techniques for helping people change their troublesome behaviors.

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