

Human-Centric Investing Podcast

Episode 46 – Helping Clients Discover Their Money Story

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Featured Guest: Kathleen Burns Kingsbury, Founder, KBK Wealth Connection

Intro This is the Human-centric Investing Podcast with John Diehl, where we look at the world of investing through the eyes of our clients. Over to you, John.

John Diehl: Hello, financial professionals. Welcome to Episode 46 of Hartford Funds' Human-Centric Investing Podcast. Today, it's my pleasure to welcome wealth psychology expert, Kathleen Burns Kingsbury, founder of KBK Wealth Connection, to the podcast. Kathleen has more than two decades of experience educating professionals and empowering women, couples, and families around the topic of money and what it does to relationships.

Kathleen was voted one of the top nine speakers in 2017 by "Investment News," and she's the host of the "Breaking Money Silence" podcast and the author of several books, including her latest called "Breaking Money Silence: How to Shatter Money Taboos, Talk More Openly About Finances and Live a Richer Life."

Kathleen, welcome to the podcast.

Kathleen Burns Kingsbury: Thanks, John. I'm excited to be here.

John Diehl: So Kathleen, over the past several months we have talked about this topic, "Breaking Money Silence," in terms of the efforts that you've made with us in developing content that can help financial advisors work with their clients. And when we talk about "Breaking Money Silence" you talk about this thing called a money story. Can you tell us a little about what a money story is?

Kathleen Burns Kingsbury: Sure. Let me just start really quickly with what "Breaking Money Silence" is, which is really about engaging your clients in a conversation about the human side of finance. And money silence is actually something that affects almost half of Americans. They feel uncomfortable talking about not only the dollars and cents when it comes to finance but especially their emotions around money.

And so, a money story is really a way to help someone start to talk about money in a less threatening way. And a money story is actually a collection of your thoughts, beliefs and feelings, as well as experiences around money that influence every aspect of your financial life. And the interesting part about a money story is we all have them but we often aren't aware we have one and how powerful our money story is in actually dictating how we believe and how we feel about money, finance and wealth.

John Diehl: Well, that's interesting, Kathleen, because I think having been a certified financial planner for, gosh, 25 years now, I've always believed that it's the most important part beyond the investments and how much money someone has and what they're trying to do. I really think the start of a relationship is learning someone's story. But when you put it in the context of a money story sometimes that's a place where we, as advisors, don't necessarily go.

So a money story is more specific than just my life story, right?

Kathleen Burns Kingsbury: Yes. That's a good distinction. Hearing a client's story is really, really important. But a certain component of that story is their money story. So in other words, what did previous generations teach you about money and wealth and the purpose of money in your life? And how did that kind of trickle down into you understanding your relationship with money and what you want out of life, especially as it relates to wealth, accumulating wealth, spending, gifting, saving, investing?

And so, really tapping into our money story is key for advisors. Because of this taboo against talking about money, many of us aren't even aware that we have a story to tell. So it's really helping bring that awareness to your clients to be able to help them understand themselves, their behaviors around money, maybe some conflicts or some areas that they do really well financially. And also, it helps the advisor during the process really foster trust with the client and get into their shoes and really be able to understand where the client's coming from.

John Diehl: So you're saying, Kathleen, that a money story is there whether it is acknowledged or not. How do you see this money story manifest itself in the way our clients live or talk or think about money?

Kathleen Burns Kingsbury: Well, it's interesting because we actually, all of us advisors, myself, our clients, have a constant dialogue, like a self-talk going on in our heads. And we have this regarding a variety of different things. I often refer to this as a mindset. And so, our mindset is really what influences us to make certain decisions.

So for instance, if I go to the store and I look at the high-priced coffee versus the inexpensive bargain coffee, I may not be aware of it, but in a split second my mind says something about my money story. Like, it's ridiculous to spend that much money on coffee, and so, I go for the cheaper one. And so, there is a way in which when we start to tap into those thoughts and beliefs, it's really interesting on how that impacts all of our behaviors every time we're interacting with money, when we're talking about money or when we're talking and thinking about investing for the future with our advisors.

John Diehl: How would a client go about discovering their own money story? Are there steps to it? Where do you start?

Kathleen Burns Kingsbury: Well, I think one of the really great tools that's out there from the field of financial psychology and wealth psychology is something called a money genogram. And basically this is a family tree of your – a couple generations back, and basically what you do is you fill in this family tree, and as an advisor, you'd help your clients do this in a very specific way.

So you would look at what are their names, occupations, ages, what are the relationships, just on a very brief level, and then you delve down into what did each person teach you about money, or if you didn't connect with them directly, what's your sense of what their thoughts and beliefs were about money. And what you're able to see when you fill out this family genogram but related to money, so the money genogram, what you can see is certain trends that trickle down through your family and make your money story what it is.

And everybody's money story's unique. So if you were to look at your money story, John, and then look at a sibling's money story of yours, they would be different even though you grew up in the same family because how we're impacted by either the lessons that are overt, so verbally someone's taught you something about money, or things that we observed and you've just picked up on it, that each and every one of us kind of processes that differently.

And so there's not a good or bad money story. There's just your individual story and then what you want to do with to shift or change it to help you have a better financial future.

John Diehl: Well, and I guess in thinking about that genogram that you mentioned, you may discover there were things in your past or people that acted in ways that you either admired or thought were foolish. But the first step would be to describe what the characteristic was and then, secondly, to further examine what your reaction to that was.

So let's say my father was a profligate spender. He would just spend any money that came in, and I may have looked at that and said whatever I do I don't want to be like that. So maybe it's not always just what were the things I admired, but you're saying really looking at what has shaped the way I think about money, whether it was positive or negative, right?

Kathleen Burns Kingsbury: Yes. So let me give you a real life example, and I'll share from my own money story. So when I initially did this years ago myself, in developing a better relationship with money, I was able to

go back a couple of generations, and I'll just look at the men in my life. So my father is incredibly conservative, financially literate, but really a saver. If I had to pick something, I'd say he's a saver and he's conservative.

You go up one generation, and you look at his father, and his father was a salesman, he was known throughout the family as a gambler. I know that while he provided for the family, there were times where he was challenged to provide for the family. And so, as you look at that, it trickles down. So my dad had the reaction you're talking about of I don't want to be like that. I don't think he had it consciously. I think he just decided I'm not going to be like dad. I'm going to be conservative.

And then I was raised with a very conservative father, where saving was really important. So really, what I walked away with was that it's really important to save and to be conservative, and ultimately, as I started to run my own business and started to invest along with my husband, with our advisor, I discovered that I was too conservative, that in some areas, it actually wasn't helpful to be that much of a saver, and it would have been better to invest.

So that's looking back and seeing where your mindset comes from, but also then looking at and going, well how does it serve me? It serves because I'm a great saver. I'm a bargain hunter. I can get a bargain anywhere. So that's a good thing. But sometimes in certain areas of my life, it may be problematic because I might be too – and these are my words, too stingy or too fearful of risk.

And so, I had to learn a new behavior and a new – had to create a new thought that goes in my money story in order to be a little bit healthier around money. And so, I'm happy that over time that has shifted and changed and I feel like I can both save, as well as I can invest and there's a balance that I don't think that I was necessarily raised with.

John Diehl: Yes, it's funny Kathleen. As you say that, I've kind of got a smile on my face because I think back to my grandparents who were farmers, and they were incredibly, let's say—you used the word stingy, I'll use thrifty.

Kathleen Burns Kingsbury: Yes, that's a better word to use, John.

John Diehl: There is no part of an animal, there is no part of a crop that went unused. It was – it was the peak of efficiency. And I can remember going to the supermarket with my grandmother, and she would actually shop for the ends of the lunch meat they would cut off and package so that people could buy them at lesser prices.

So as I think back to these stories that make me laugh, I feel bad for my wife because she's the one that says, "I think we need a new sofa in the living room," and I'm going, "But it's only 15 years old. And yes, there's a few coffee stains, but what's wrong with it?" So it does impact us. And I guess my question is, I know you've done this with many people, Kathleen, what do clients typically discover and what are the kind of reactions that you observe?

Kathleen Burns Kingsbury: It's really fascinating. It varies from someone feeling really validated of, that's why I act the way that I do around money. So really looking at that history and that story and going, I am a product of my grandfather or my grandmother, or whatever it might be, so really just a validation of what their experience is in the world.

Some people have really aha moments, John, where they have made the connection between how they are around money. Maybe they're really anxious around money. And anxiety being really connected to maybe a mother or father who was anxious around money may be a really good reason, but it's that aha of like, that makes sense.

And in general, what I find happens with clients and uncovering or discovering their money story, is then they're able to gain an insight and a sense of empowerment of OK, this is what my story looked like in the past. This is what I do currently in the present, but boy, now that I know my money story, I can write any future that I want.

And so, people are also I think thankful that there is a tool for them to psychologically think differently about their relationship with money that ultimately can lead them to just feel more balanced or more positive or more at peace with money and investing and financial planning.

John Diehl: So it might be a good exercise for advisors who have never actually used this process with a client or thought about using it. Maybe the best first step is to maybe try it on yourself, to think about your own money story. Would you agree?

Kathleen Burns Kingsbury: Well, absolutely, I agree. All the training that I do with financial advisors and related professionals usually has a component that includes self-awareness. And so I think one of the best things to do is to sit down with your own money (inaudible) group, which it is a blank sheet of paper with a little bit of structure to help you fill in the gaps for your financial – family financial life, and to go through that process.

Not because you have to do some deep dark psychological work, that's not what this is about. It's about you becoming aware of what is my money story, how does that impact what recommendations I make with clients, what clients I want to work with, what clients I don't want to work with.

Maybe where there's some blind spots that I need to get a little bit more training. And also to go through that exercise, to actually have the experience of what it might be like for your clients when you ask them to do this as well. And so, I find that first step of advisors doing this process themselves as really important in being successful and doing it with clients. And what I find is anytime I encourage advisors to do this, whether this is a training, whether this is an – one of my graduate classes, they usually really enjoy it and think wow, I had no idea about this whole aspect of money, and they get excited about it.

John Diehl: And what's great about that for a financial professional is being able to empathize with that client. Again, as I think about it, my first reaction is to laugh because I see some of these things and how they play out, and I would imagine that there are some things that you'll discover in your money story that you're kind of proud of and you think, yes, that's the right thing, I'm glad that I learned that lesson when I did and I'm glad that's evident in the way I think about money.

But there's probably some other things that you're like, well, it's a little bit goofy, and maybe now I understand a little bit why I think that way. So I think that would be a fun process. But related to that last point and probably relating to my story about my wife wanting a new sofa and I'm saying the old one is perfectly fine, my wife would want to know, is it possible to change a money story? So are we committed to the money stories that we discover, or do you think it's possible to change certain aspects of a money story?

Kathleen Burns Kingsbury: I definitely think you can change certain aspects. And what I say to all couples is, the good news is, you can change. The bad news is only the partner with the money story can make those changes.

John Diehl: She'll be very sorry to hear that.

Kathleen Burns Kingsbury: But one of the things that's really interesting is when I've worked with couples that are like this, and so, this is one of the themes that you tend to see is, there's one partner that was raised very thrifty, there's one partner that may be was either raised thrifty and decided I'm not going to be like that as an adult, or maybe actually came from a different socioeconomic class and had a little bit more money floating around.

And so, this is an area of conflict. And so, what I find is when couples are able to identify these stories and then share them with each other, it can be a really powerful way to help them engage in more meaningful wealth conversations and also to help them have less conflict. Because if you understand where you're partner's coming from, that they're not just being difficult, that it actually comes from some thought or story or unconscious place that they're now aware of, at least you can start to discuss what's really underneath that conflict, not just, oh, I wanted a new sofa, oh no, I don't want a new sofa.

It becomes, oh, I was raised this way, and you were raised this way. So together, as a couple, how are we going to create a future money story that works for both us and ultimately works for next generation?

John Diehl: It take it, this is a process that happens over time. And have you seen financial professionals be a part of this charge, if there is a desired change?

Kathleen Burns Kingsbury: I have. I actually think that advisors who are really interested in the human side of finance, the money and emotion and certainly engaging women in the next generation in conversations have been able to use this tool as a framework with certain clients who really like this process. And so, then they're able to go back to it.

So yes, it is a process, but even introducing the concept of a money story to clients at certain times, maybe at the beginning of the relationship or during an annual meeting or a seminar really allows your clients to understand that you're a different type of advisor. You want to help them with the technical aspects of finance, but boy, you also want to help them really with the emotional side.

And the more I see with women and next generation and just people in general, we're really gravitating towards wanting that from our advisors. So I encourage advisors to embrace it, to give it a try, and they may be really surprised to find out how useful this is, not only in terms of keeping track of a lot of different family information and being able to frame recommendations in the way in which they're clients can hear them, but also in terms of fostering trust and really being able, like I said before, to stand out in a pretty crowded marketplace.

John Diehl: And Kathleen, I know we always get in trouble when we stereotype, but a question for you, given that you've done this for a while. Do you typically see any different spend reactions from men versus women or either of the genders? Are they more open to it? Are they close to it? Or do you find that both are usually pretty conversational and enjoy the process? What expectation could we set for financial professionals if they think about trying this with some of their clients?

Kathleen Burns Kingsbury: Great question, and yes, my caveat is certainly, this is based on research and my experience, but it's not every single client. I do find that if you have a client that is more feeling oriented or a client that really values relationships that this tool is going to be incredibly effective.

Now that could be women versus men, however I have not experienced that. I really have experienced that different people take to this tool, and one of the things (I do in) my graduate classes is I assign them - basically they have to do their money genogram, and they have to tell their story, and they have to journal with their money, and so, all sorts of things like this.

And what I found is that about 95 percent of the students, and they are split in gender, and they're pretty experienced, they're not fresh out of college, will find this to be really useful with themselves and with their clients, and that there's a couple that just reject it, and it's not their thing. And so my advice to advisors is, give it a try, pick wisely in terms of when you're new with this tool, who you're going to introduce it to.

You want to set yourself up for success, and just know there may be some people, men or women, that this tool is not going to resonate with them, and so pick another tool from your toolbox and just don't stay attached to the results. But I do think for the majority of folks, and especially next generation are really into this as well, it's a great tool to bridge that gap and provide something that's a little bit different that people are expecting from advisors.

John Diehl: I think that's a great point, because so many times we try to find - we walk into a meeting with a thought that we think this is the way it's going to go, but I think your advice to look for relationship-orientated clients. And I assume you could have both members of a couple who are pretty open to understanding this stuff, right? Is it one or other, or do you sometimes run into both members of a couple who say, yes, this is pretty good stuff?

Kathleen Burns Kingsbury: I think it's great to do as a couple. And I do find that often couples will enjoy it, because it gives them a structure to engage in a conversation that may have been difficult in the past; around the fact that they're different in terms of their viewpoint around money—which all of us are different, so that's not that unusual. So it's validating to the couple. It gives them a tool that's external outside of their own experience, to be able to talk about this between themselves and also with their advisor. I also think it's really useful for families.

I mean, it can be quite an interesting family exercise to do with the parents maybe first, and then inviting the adult children to talk about the family money-o-gram and also to add their two cents worth. So it can be a really interesting tool. And the one thing that I want to leave for advisors that automatically think, "I don't have time to do this, Kathleen, I have a lot going on, there's a lot of pressure; a lot of things I have to get done in a meeting."

I would say go through and do this experience for yourself. Try it on one or two clients, but in the end, if you decide it's too time consuming for your process, you can lift certain pieces and certain questions out of this experience that then you can build into what you're comfortable with. So it may be you take bits and pieces or it may be that you take the whole thing and really go full force with your clients.

John Diehl: Well, I love the idea of the family discussion, Kathleen, because oftentimes, financial professionals are saying, how do we build that bridge to the next generation? I think that's a fantastic idea. And Kathleen, it may surprise you to know this, but I've got more questions, but we're at the end of our time limit here for this particular podcast. So would you be willing to join me again on the next episode of this podcast so I can ask you some more questions around this topic?

Kathleen Burns Kingsbury: Absolutely, John. This is one of my favorite topics, money stories and money psychologies, so I'd be honored to continue the conversation.

John Diehl: And I want to remind all of the financial professionals who are listening, that you can find a (client) white paper that was written on this topic by Kathleen, along with a presentation and a workbook to help clients work through their own money stories, which includes the money genogram that Kathleen mentioned at hartfordfunds.com/money. Again, that's hartfordfunds.com/money.

And for all those listening, thanks very much, it was great to have you listening to another episode of the Human-Centric Investing podcast and we'll look forward to meeting you here when Kathleen and I can finish our conversation around your money story. Thanks very much.

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