Human-Centric Investing Podcast

Episode 47 – The Little-Known Power of Money Scripts

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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 number 47 of Hartford Funds' Human-Centric Investing Podcast. I'm pleased to welcome back for part two of our series on Your Money Story, wealth psychology expert Kathleen Kingsbury.

Kathleen is the founder of KBK Wealth Connection. She has over two decades of experience educating financial professionals and empowering women couples and families around this topic of money psychology.

For those of you who didn't get to listen to episode 46 yet, I would highly recommend that you do that. There were some terrific ideas that we talked about. Not that you can't listen to this episode and learn as well, but that would provide you a foundation. On that episode, we talked about the money story, what is it, where does it come from, and how financial professionals can use money stories discovering their own money story, as well as helping clients discover their own money story in terms of deepening our relationships with our clients.

So Kathleen, thanks very much for joining me again on the podcast.

Kathleen Kingsbury: Thanks, John. I'm happy to be back.

John Diehl: So Kathleen, as we think about the money story, I know the money story overall is how I think about money, my behaviors around money, so on and so forth. But I wanted to ask you more about what are called "money scripts," and what is the relationship between a money script and the money story? Why don't we start there?

Kathleen Kingsbury: Sure. A money script is an individual thought, belief or attitude about money, and the sum of all your money scripts makes up your money story. So if you think about the money story as a book and you think about in this book, there are various chapters that address all the different aspects of your financial life. And each little line in the chapter is one individual money script.

And so in the world of money psychology, the reason it's called a script is the original person decided, "You know, money scripts are kind of like a script that an actor gets into play—that an actor receives a script and the lines tell them how to act, how to react, how to feel about a certain scene in the play."

And so a money script is really how we are programmed to act, behave, react in a certain scene in our financial life. So it's a money script.

John Diehl: Can you give us an example, Kathleen, of a money script?

Kathleen Kingsbury: There's so many different money scripts. But let's just say somebody has a money script that says, "I'm not confident enough to invest." So they avoid going to the financial advisor, or maybe they defer all their investment decisions to their partner, and so that money script influences how they behave around money and how involved ,or not involved, they are in their financial life.

John Diehl: We talked last episode about the money genogram. And is it always a family member that impacts our money script, or can outside influences do that as well?

Kathleen Kingsbury: That's a great question. There are a variety of different things that impact our money scripts and ultimately our money story. One is our family history and the family money messages, and that's where the money genogram comes in. But there's all sorts of different lenses (that) impact ultimately how we view wealth and our money scripts. And so just at a high level, these include your culture and your race, your gender, the generation you were born into, your religion or spiritual practices, your socioeconomic or social class, and lastly, any significant money events that have happened to you.

So often, those are things like a bankruptcy or an inheritance, losing a job; you know, winning the lottery—whatever the case may be—some significant money event that impacts your view of money. So money scripts are typically formed when you were kids so very influenced by your family, but all these other factors come into play as well.

John Diehl: So a money script that's passed out and we all probably have family members or have heard the family stories about a grandma who lived through the Depression and how that shaped the way the family lived. But you're saying that it could also be a script that was written during your own life, right? Around the loss of a job or something unfortunate that happened or maybe something incredibly positive that happened.

So are money scripts continually being written in our lives?

Kathleen Kingsbury: Basically, the thought is that our foundational money scripts are formed between the ages of five and 15.

John Diehl: Okay.

Kathleen Kingsbury: However, I would say that we do add them as we go on and have different life experiences. So the benefit is that as we're having different life experiences. And you were right to highlight some of them might have a positive impact on our relationship with money and some might be more challenging, that what ends up happening is then that means that if we can form them in adulthood, we can also change them in adulthood.

And so that's the part that I find really inspiring and really fun and enlightening to work with is helping people say, "Here's what my thoughts are about spending, saving, gifting, investing, whatever aspect it might be. And you know, for the most part, I'm happy with them." But there's a couple of areas that are problematic. Like if we go back to, "I'm not confident enough to invest," maybe this individual feels really anxious about investing or anxious about sitting down with an advisor.

And ultimately, that money script is going to be problematic and is going to get in the way of them developing a full relationship with money and being able to effectively plan for their financial future.

John Diehl: So Kathleen, are we always conscious of our money script, or does a lot of it happen in the background? I imagine there are some people that if they haven't gone through any of these exercises, they don't even know what their money script is. Even if I'm aware of them, am I always aware of them, or do they kind of operate in the background?

Kathleen Kingsbury: Well, it's a great question. And I would say that probably 95 percent of us don't even know they exist. And so the field of money psychology is—it's new and—newer. Let me put it that way. It's been around for decades now, but it hasn't gone mainstream until recently.

And so one of the things that's interesting to me, is that I've had the fortune of—over the past 15 years—traveling in the U.S., Canada, as well as I had the fortune to go to South Africa and present. And in each audience, I asked them, "How many of you are aware of a money script or a money mindset?" And these are experienced financial advisors and usually there's one, maybe two people in the room. And they have done some work outside or came from the field of psychology and then developed a career in advising.

So in general, we're not aware of them. Advisors typically haven't used this tool until more recently. And so there's a real opportunity here to help your clients become more aware of them and then feel better about their relationship with you, with money, and also be more effective in their financial life.

John Diehl: I also think it's interesting, Kathleen, that financial professionals may be unaware of these money scripts. I know you and I have talked before of the experience I had advising clients once upon a time, where the clients were spending too much money from the portfolio and they came to me to ask what should they do, because their portfolio was down 30 percent, 40 percent, and they were at a relatively young age.

And I had to have the difficult conversation with them because they were given some bad information, and they were basically told if they were to withdraw an X amount of money, they'd be good forever. And I had to say, "You're going to have to cut your spending or things aren't going to look too good six, seven years from now."

And the wife in the relationship, I can remember, she broke down into tears and she started sharing that growing up, she was in an unstable home because her father couldn't keep a job. And I heard the story, and it wasn't until later that we talked that I thought of it as a money script. That that's essentially what she was telling me was her money script.

I think it's incredibly powerful in terms of how people make decisions about investing, spending, giving, as you mentioned, probably more so than financial professionals are sometimes even aware of.

Kathleen Kingsbury: Yes. And our unconscious thoughts are in the room with us all the time. So these unconscious money scripts, not only did the financial advisor have them, the client has them. So that's a lot of this material kind of floating around the office where if you can bring some of it into people's conscious awareness, both yourself as a professional as well as, you know, the clients, there's a real opportunity to change and to shift. And often, just at a very high level, helping people understand this concept and understanding themselves really does foster trust. It really helps them see that you care more about just, you know, their assets or their financial well-being...you care about them as a whole. And that can make a huge difference in loyalty, in future referrals.

So you can take something that is a very simple tool that we're teaching you in the workbook and the materials around the money story and a money script, you can take this very simple concept and just know that it's very powerful in a variety of different ways.

John Diehl: And Kathleen, just to be clear, these money scripts, they're not all bad, right? You can have good money scripts and bad money scripts. Is that right?

Kathleen Kingsbury: Yes, and they're not even all in the same category. So what I always say, when I'm talking about money scripts is, money scripts are not good or bad, they just are. So we need to go into this process, not judging them, not trying to put them in good and bad boxes, which sometimes is hard for financial professionals because it is a very black-and-white kind of field when it comes to dollars and cents. But let me give you an example. So we'll use the example I already mentioned, "I'm not confident enough to invest."

So we might say, depending on our perspective, that that results in a bad behavior because then this particular woman doesn't show up and invest in her time in meetings and talk with her partner, and she defers that. And ultimately, we all know if you defer your financial decisions at some point, something's going to change through death, divorce or something, getting older, and that becomes problematic.

But then we can also look at this money script and say, "Well, where does it serve her?" Well, "I'm not confident to invest" may help her find other people who are going to build that confidence, who have more skills. Maybe it allows her to not be as anxious because she's avoiding it. So there's a way in which it's not good or bad—it just is. And so we need to take it situation by situation. And ultimately, it's up to your client to decide if it serves them or not.

And usually, you know a money script is problematic if someone's having difficult feelings around it...

so anxiety, worry, fear—you know, they're having conflict around it or they are avoiding something. Right? So they are avoiding their financial life as a result of this script.

So it's up to your clients to decide what's problematic and how they want to work on their money scripts. And that can be a little bit of a challenge for a financial advisor who might see it from their perspective as, "Of course, they want to change that script." Well, not always, so you got to start where the client wants to start.

John Diehl: And I think you just answered my question, which is, you do actually see behavioral and decision-making impact because of these money scripts. I think as a financial professional, sometimes you may wonder, "Gee, why can't this client just decide?" Right? "We've talked about this from months on end, and are they procrastinating or just not paying attention to it?" I would think that understanding the money script may actually give a little bit of the "why" behind the behaviors that you're seeing exhibited in your clients. Would you agree?

Kathleen Kingsbury: Yes. And even if they don't change, sometimes it helps the financial advisor remain sane in the relationship, because at least you understand where it's coming from. But when we look at human behavior, right, and just behavior in general—whether it's about money or anything, any habit—what happens for human beings is that we typically have a thought. We immediately have a feeling and we have some sort of physical reaction.

So that may be, "I think I'm not qualified to invest. I immediately feel anxious and my heart starts to pound. And the outcome could be different for different people. But for me, as well, I want to avoid feeling like that so I'm not going to go to a meeting or I'm not going to find a financial advisor."

And so all of that happens in a split second. So what this process of looking at your money scripts does is it helps the client stop that quick relay of events that impacts their behavior and outcomes, and it has them slow it down. "What am I thinking? How might that affect how I'm feeling? How I'm actually physically feeling, not just emotionally feeling? And then what do I typically do when I have particular money script? How do I act that scene out?"

And so by ultimately changing the thought, you can then change, maybe reduce the intensity of the feelings or change the feelings completely, which change your physical reaction, which change the outcome. So it really, I've seen it for years, be very empowering for clients who are really interested in making behavioral change.

John Diehl: So let's talk, Kathleen, about identifying a money script that a client is not happy with—a faulty money script. There's some aspect of my relationship with money that bothers me. I guess the first question that a financial professional would probably have that the client would throw at them, "Is it ever too late to change a money script?"

Kathleen Kingsbury: I love that question because I've been in the field of behavioral change for over two decades and I have seen people change who are 13 all the way up to 70 and beyond. So it is never too late to change a thought or behavior or your relationship with money.

In fact, sometimes as people get a little bit further on in their relationship with money and in their life, it becomes even more pertinent or more urgent, or they're more motivated to change. So certainly, this is a tool that I would encourage advisors to use with everyone, no matter what their age is and encourage people to know that they can change. I think the one caveat I would have, John, is that it's not instantaneous. You're not going to go from identifying what you consider a problematic money script to a new perspective and adopt it within 24 hours.

It's going to take practice, it's going to take repetition, and eventually that new money script will take form, and you will have integrated it into your life. But yes, it's never too late.

John Diehl: So Kathleen, a question here that popped up into my mind is, so when we identify these faulty money scripts, would you say I could do my money genogram and start thinking about those people who influence my life and think about the money script that they may have imparted to me and say, "Hey, I like that," or "I don't like it"?

Do you also find that people go the other way? Like they know that they have an issue with money, they can't stand the feeling that they have in a given area and they begin there and trace it back to find out why they think that way? Does anybody ever approach the problem that way?

Kathleen Kingsbury: Yes. Let me just catch you on one thing. Faulty money script, we're going to be really careful. We're going to call it a money script that potentially could be problematic.

John Diehl: Okay.

Kathleen Kingsbury: And while that doesn't make as great of a sound bite, it's a little bit more accurate because I don't want to send the impression that there are faulty money scripts because again, they're not good or bad. But I do find that people come to this work in different ways. If someone's in a lot of emotional pain around their relationship with money, they may not even end up at a financial advisor first. They may end up in a counselor's office, they may end up in a money coach's or wealth psychology expert, that's what I call my self's office, to really address the emotional side of money and then that person would have eventually connect them with a financial advisor to do that work.

Or it could be that a financial advisor has been working with this person and they start to identify, "You know what? She says this saying a lot." You notice it in client meetings if they always have a certain reason or rationale for maybe not meeting their budget or not being able to follow through with investment recommendation. You can start to tune in to your clients' money scripts and notice them and then empower them or at least let them know that this is how you see it. You may not be right, but you'd be curious if they'd want to look at what those money scripts are and how they might be impacting each other.

So I'm not sure if I answered your question, but I think those were important things to get out there.

John Diehl: No, you definitely did. I just think of clients who might be prone to make mistakes in their planning. And when I say mistakes in their planning, maybe they're more apt to trust people or ideas that they shouldn't be trusting.

So people who are more open to financial abuse or scams. I think that helping people understand why they may be that way and where it came from would be incredibly important to a client, let alone just doing the nuts and bolts of everyday financial planning. And I guess, to that point, the process of changing that behavior that I, the client do want to take a positive step in changing. I've identified a behavior that I'm not happy with. I don't think it serves me well.

Is this something people can do on their own or do they need a counselor? Or is it a role that the financial professional can play? How does that usually work out, Kathleen?

Kathleen Kingsbury: The change process can really vary. I mean, I think one of the things to keep in mind is if a client wants to change, it means that they're at least at a place where they're workable. In other words, if you did coach them as a financial advisor, there is a high likelihood that they could change that behavior. But we often see clients coming in to financial advisor's office, either unaware that they have an aspect of their financial life or a money script that they might want to change, or they've been told by their partner, they've been told by maybe another advisor that they should change but they're still not ready to change.

So the good news is when somebody's at that place where they want to change, it really comes down to selecting the place and the person that is most appropriate. And for a majority of these shifts and changes, working with a financial advisor is absolutely fine.

When you're going to want to refer out to a counselor or someone who is trained like I am, is when somebody is really emotionally more at risk, or there's so much emotional material that you can't get to the job that you've been hired to do, which is your stuck, you can't financially plan. And that's when you might make a referral.

I have seen people do this in a self-help environment. I've seen them do it as part of in-depth therapy, and I've certainly seen a lot of people do it with financial advisors or people that are still to notice these trends, talk with them about the trends and the money scripts, and then be able to offer a different perspective.

John Diehl: It's really fascinating. All these stories and all these ideas and all these relationships that I've observed over the years...this really, really helps put a framework around it. So this last two conversations that we've had on these podcast, Kathleen, about a money story being made up of multiple money scripts. And I guess, one last question then I'll ask you if there's anything that you would recommend that advisors do to get started that financial professionals could begin tomorrow, if they would.

But my last question would be around how many money scripts someone might entertain, right? When you think about all the various impacts and forces and people and relationships that you've had over life, do you usually find that there are three, four, or five versus 20 or 30 major money scripts that impact the way we think?

How do you get a client to focus on the ones that are most important? And how would a financial professional think about kind of how many of those scripts might be shaping the way their clients really think?

Kathleen Kingsbury: So don't be overwhelmed by this answer, but there are thousands and thousands of money scripts that we each have.

John Diehl: Oh, boy.

Kathleen Kingsbury: But when it comes to working on a money script, and when it comes to looking at financial behaviors in particular, I encourage people to start with spending, saving, gifting and investing, because those are major areas that you're talking to your clients about. And often, a client will self-select. So in other words, they will say, "You know, I really want to be more charitable but I'm not. I wonder why." Or, "I really—you're telling me I should stick to this budget. I don't."

And they may not say it that directly, but you can kind of pick where they might want to look. So one of the advantages I think in some of the tools that I've partnered with Hartford Funds to develop is it gives you a framework to start that process and then you can go from there.

I think what's really important for people to know is that what you are doing is not only just changing one money script, you are teaching your clients a skill that then they can go off and use in other aspects of their life in terms of looking at other money areas that they're not comfortable with, emotions they don't have. So it may be that you do some of this work with your client and then they take it and run. Because it is a process and it can be really interesting.

I think one of the things I challenge advisors who are listening in today to do is to turn up their volume on their money scripts. And what I mean by that is pick a day, and during the entire day, just really tap into what's every thought, belief and feeling I have about money as I go to get my coffee as I go to the office, as I talk with my kids, my partner. Whatever it might be, and just take 24 hours to just notice all of those thoughts.

That's turning up the volume. You will then have a greater appreciation for how often we are actually thinking about money in various different ways and how that impacts our behavior. You don't have to change everyone that you've identified in 24 hours, but it's a great exercise to just start to turn up that volume and start to understand how much that self-talk is going on, whether we're aware of it or not.

John Diehl: Well Kathleen, I want to thank you for spending so much time and sharing so much information with us on these last two podcast episodes. I know that we'll be doing some things together in the future as we roll out more material around this topic from Hartford Funds about your money story, but thanks very much for the time that you've invested with Hartford Funds and with all the financial professionals who were listening.

Kathleen Kingsbury: It's been great, John. I loved breaking money silence with you.

John Diehl: So folks, this was wealth psychology expert, Kathleen Burns Kingsbury, founder of KBK Wealth Connection. I should mention that Kathleen is the host of the "Breaking Money Silence Podcast" and the author of several books including her latest book which is "Breaking Money Silence: How to Shatter Taboos, Talk More Openly about Finances, and Live a Richer Life".

Also for the financial professionals who are listening, you can view all of the materials that we have available on this topic. Again, a client white paper, a client presentation, and also a workbook to help your clients work through this, which includes a lot of information on money scripts and the overall money story and includes the money genogram that we talked about in episode 46. That can all be found at hartfortfunds.com/money. Again, that's hartfordfunds.com/money.

So on behalf of Hartford Funds, we'd like to thank all of you for listening to another episode of the Human-Centric Investing Podcast and we look forward to hosting you again. Thanks, everyone.

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