Journal of Financial Therapy

The Official Publication of the Financial Therapy Association

Volume 4, Issue 1

Editorial Offices
Institute of Personal Financial Planning
School of Family Studies and Human Services
Kansas State University
Manhattan, Kansas

Journal of Financial Therapy

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Editorial

Kristy L. Archuleta, Ph.D.

The theme for this issue's editorial is "change." Sometimes change can be difficult, however the change experienced by the *Journal* thus far this year is exciting! One of the major events that has occurred in 2013 is the appointment of a new editorial board. When the *Journal* started, several leading authors and scholars in the area of financial therapy who showed support of beginning a new scholarly journal were contacted to be on the editorial board and these professionals graciously accepted. As we entered into the fourth year of the *Journal*, it was time to revamp the expectations for the editorial board and give members who needed a break a way to exit the board. Fortunately, many of the original members chose to remain. However, several members needed to step away due to personal or professional conflicts. We are thankful for the service and support of all of the original editorial board members in creating a new journal. A big thank you is extended to those exiting the board: Dottie Durband, Texas Tech University; Bill Bailey, University of Arkansas; Jeremy Boyle, Pawnee Mental Health Services; David Lazenby, ScenarioNow, Inc.; Jane Schuchardt, Cooperative Extension; Saundra Davis, Sage Financial Solutions, Inc.; and Richard Wagner, Inside Money. Each contributed insight and wisdom in beginning a new scholarly publication dedicated to financial therapy.

With the exit of several members, we were better able to balance the board with financial and mental health professionals and scholars. The new editorial board members have agreed to accept more responsibility in the reviewing process, promotion, indexing, as well as other ways to support the *Journal*. Newcomers to the board include: Jeff Dew, Utah State University; Jerry Gale, University of Georgia; John Grable, University of Georgia; Clinton Gudmunson, Iowa State University; Sandra Huston, Texas Tech University; and So-Hyun Joo, Ewha Woman's University, Seoul, South Korea. This group joins returning board members, Sonya Britt, Kansas State University; Eric Dammann, Clinical Psychologist and Psychoanalyst; James Dodson, Clarksville Behavioral Health; Joe Goetz, University of Georgia; James Grubman, Family Wealth Consulting; Rick Kahler, Kahler Financial, Brad Klontz, Klontz Consulting and Kansas State University; Joe Lowrance, Lowrance Psychology; and Marty Martin, Reflections Psychology and DePaul University. This dedicated group of individuals will continue to strengthen the *Journal's* quality and I want to thank each of them for committing to share their expertise and skills with the *Journal* and its authors and reviewers.

Another change and major addition to the *Journal* is the first Associate Editor of Profiles and Book Reviews. Emily Burr began this new role in January. She has done a great job working with the professionals who are featured in this issue's profile section and the

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1925

authors of the book reviews. Beyond these duties, she and I have been working on developing standard guidelines for the Associate Editor position, as well as an application process to fill her position in the future. This Associate Editor's position is a volunteer position with a one-year commitment. It has been a fabulous professional development experience, in which Emily has been able to contribute her editorial skills. Her term will expire in December 2013. Applications will soon be available on the Financial Therapy Association's website to fill this position for 2014. Anyone who enjoys editing and has excellent editing skills is encouraged to apply.

A big change that will be coming to the *Journal* this fall is the transition from our current online platform (Open Journal System) to a new platform (bepress). Our publisher, New Prairie Press, has partnered with bepress and DC Publishing Services to allow for a smooth transition to a system with increased intuitive submissions management and editorial and publishing interfaces. We are excited about the migration from OJS to bepress, as we believe the submission process for authors, the review features, and the overall editorial management will be easier. With the migration, we plan to halt submissions on October 1, 2013, and will once again accept submissions via the new platform November 1, 2013. We appreciate your patience as we work through the migration issues. We will post announcements and updates as they arise on the *Journal's* website. Simply go to http://www.financialtherapyassociation.org and click on the "Journal" tab.

In this issue, Volume 4, Issue 1, of the *Journal of Financial Therapy*, we are pleased to feature four scholarly papers, one scholarly profile, one practitioner profile, and two book reviews. This issue leads with a paper written by Jeff Dew, a researcher from the Utah State University, and Jing Jian Xiao, a researcher from the University of Rhode Island. This timely paper continues to build the literature on financial difficulties, financial management behavior, and marital happiness. The second paper is a thought-provoking paper, written by Megan McCoy, Jerry Gale, and Megan Ford of the University of Georgia, and Ronald McCoy II, and addresses the implications for financial therapy education and training. This paper utilizes a unique and rigorous research methodology to begin a much-needed discussion on training in financial therapy. The third paper, by Scott Garrett, Ronald Blue and Company, and Russell James, Texas Tech University, examines the relationships between three different financial ratios and financial satisfaction to uncover which ratio is telling of a person's level of financial satisfaction. This paper will be valuable to any practitioner wanting to utilize an objective measure of financial satisfaction. Vernon Loke, Eastern Washington University, and Sally Hageman, University of Maryland, teamed together in the fourth paper to add to the growing body of literature that financial education during social work training is imperative in order to increase social workers' debt literacy and to ultimately effectively help their clients. Each of these scholarly papers contributes immensely to the financial therapy body of knowledge and provides scholars and practitioners important implications and future directions for research.

This issue's professional profiles feature Sonya Britt from Kansas State University as the academic profile and Erin Wirth from the University of Nebraska-Lincoln as the practitioner profile. Dr. Britt has successfully published her research in the *Journal of*

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DOI: 10.4148/jft.v4i1.1925

Financial Therapy as well as other noteworthy scholarly publications like *Family Relations*, *Journal of Economic Issues*, and *Journal of Financial Counseling and Planning* to name a few. She is the founding president of the Financial Therapy Association and has a passion for developing the area of financial therapy. Erin Wirth helped to establish and is the current director of the University of Nebraska – Lincoln Student Money Management Center. Her background in marketing gives her a creative edge to offer interactive programming that is educational and directly applicable to students, increasing students' awareness and relationship with money to improve their overall well-being.

The issue concludes with two book reviews. The first book review was written by Erika Rasure, Kansas State University, who reviewed *Sudden Wealth…It Happens*. The second book review by Megan McCoy and D. Bruce Ross of the University of Georgia features an analysis of *Financial Therapy: 5 Steps toward Financial Freedom* and the accompanying workbook, *Guide to Financial Therapy Forms Handouts: 5 Steps Toward Financial Freedom*. If you know of a book that should be considered for review or you would like to write a review of a book, please email, kristy@ksu.edu. We are always looking for book reviewers and books to review!

We continue to solicit quality papers that feature financial therapy practices, experiments, and other research related to financial therapy. We are also looking for individuals who are willing to review manuscripts submitted to the *Journal*. Please join us as an author or reviewer in our efforts to communicate across disciplines with both practitioners and academics!

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ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1925

Meet the Authors

Jeff Dew, Ph.D., is an Assistant Professor in the Department of Family, Consumer, and Human Development at Utah State University. He teaches family studies courses and graduate level statistics courses. He researches the association between family resources (money and time) and family relationships. Dew received a dual-title Ph.D. in Demography and Human Development and Family Studies from Pennsylvania State University.

Megan Ford, M.S., is the Clinic Coordinator at the University of Georgia's ASPIRE Clinic and practices both traditional therapy, as well as financial therapy in Athens, GA. She earned a graduate degree in Marriage and Family Therapy at Kansas State University. Megan is a member of the American Association for Marriage and Family Therapy and also a professional member of the Financial Therapy Association. She serves as Copyeditor for the Financial Therapy Association's professional publication, the *Journal of Financial Therapy*.

Jerry Gale, Ph.D., is Director of the Marriage and Family Therapy Doctoral Program at the University of Georgia. He helped to create and establish the ASPIRE Clinic at UGA, which integrates family therapy, financial counseling, nutritional counseling, home environment & design consulting, and legal problem solving. Dr. Gale co-chaired the second annual FTA Conference held in Athens, GA.

Scott Garrett, Ph.D., is a financial planner with Ronald Blue and Company. He holds a Master's in Accounting from U.A.B. and a doctorate in Personal Financial Planning from Texas Tech University.

Joe Goetz, Ph.D., is an Associate Professor of Personal Financial Planning at the University of Georgia where he co-founded the ASPIRE Clinic and teaches and conducts research in both undergraduate and graduate programs. He teaches courses in financial planning, development, practice management, financial counseling, and clinical practicum courses in financial planning. Dr. Goetz received his undergraduate degree in psychology from the University of Missouri-Columbia and received three graduate degrees in the areas of psychology and financial planning from Texas Tech University. Dr. Goetz is also a financial planning practitioner with Elwood & Goetz Wealth Advisory Group, a fee-only financial planning and investment management firm based in Athens, Georgia.

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Megan McCoy, M.S., is a marriage and family therapy doctoral student at the University of Georgia. While working on her Ph.D., she works at the ASPIRE Clinic practicing both traditional therapy, as well as financial therapy. In 2008, she earned her Master's degree in Marriage and Family Therapy at Drexel University. Since then, Megan has worked as a therapist in Pennsylvania, North Carolina, and Georgia. She is a member of the American Association for Marriage and Family Therapy and is currently serving on the Financial Therapy Board of Directors as the student representative.

Ronald G. McCoy II, MBA, is a Store Team Leader at Target with previous experience in corporate finance with Wachovia Corporation. As a Store Team Leader, Ron oversees all facets of a Target store with sales in excess of $30 million annually. These responsibilities include profit and loss accountability, budget compliance, strategic planning, human resources, inventory management, and customer service. At Wachovia, Ron spent time in multiple areas of corporate finance, including eCommerce finance, corporate investment banking finance, and corporate real estate finance. Ron holds a B.S. in Financial Management and an MBA, both from Clemson University.

Erika Rasure, M.S., is an instructor at Lindenwood University in St. Louis, Missouri, which offers a CFP Board Registered Program in Personal Financial Planning. As a member of the finance faculty, Erika teaches Principles of Finance, Entrepreneurial Finance, Consumer Finance, and Risk and Insurance. She is currently a doctoral student in the Personal Financial Planning program at Kansas State University. Her interests include college student financial behavior, impact of media and marketing influence and use on financial behavior, efficacy of online-based financial planning education, development of financial therapy, entrepreneurial financial planning, and developing on-campus financial counseling centers for students.

Bruce Ross III, M.S., is a marriage and family therapist working on his doctorate in Human Development and Family Science with an emphasis in Marriage and Family Therapy at the University of Georgia. He earned a Master's degree in Marriage and Family Therapy at the University of Maryland. While working towards his Ph.D., he works as a traditional therapist, as well as a financial practitioner at the ASPIRE Clinic. Bruce is a member of the American Association for Marriage and Family Therapy and the Financial Therapy Association. His special interests include premarital therapy, issues of divorce, and financial therapy.

Jing Jian Xiao, Ph.D., is Professor in the Department of Human Development and Family Studies at the University of Rhode Island, teaching courses and conducting research in consumer economics and personal finance. He edited and contributed to books such as Mathematics of Personal Finance and Handbook of Consumer Finance Research. He is the

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DOI: 10.4148/jft.v4i1.1925

editor of a book series, International Series on Consumer Science. He serves on the editorial boards of *International Journal of Bank Marketing, Journal of Consumer Affairs, Journal of Consumer Education, Journal of Family and Economic Issues, Journal of Financial Counseling and Planning*, and *Journal of Personal Finance*.

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DOI: 10.4148/jft.v4i1.1925

Financial Therapy Network

The following individuals have identified themselves as providing services that promote a vision of financial therapy. The Financial Therapy Association cannot guarantee the services of those listed in the FTA Network. For more information and to view these professionals' profiles, visit http://www.financialtherapyassociation.org.

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DOI: 10.4148/jft.v4i1.1925

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1925

Financial Declines, Financial Behaviors, and Relationship Happiness during the 2007 – 2009 Recession

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University of Rhode Island

Using a national data set collected during the summer of 2009 (N = 465), this study examines how financial difficulties are associated with sound financial management behavior and how sound financial management behavior is associated with relationship happiness among cohabiting and married participants. Findings suggest that financial declines were not directly related to sound financial management behavior, but that feelings of economic pressure were. Sound financial management behavior was positively associated with relationship happiness. Further, sound financial management behavior fully mediated the association between economic pressure and relationship happiness. It also moderated the association between financial declines and relationship happiness.

Keywords: financial behavior; economic distress; relationship quality

The 2007 – 2009 Recession was marked by high levels of unemployment, restricted access to credit, the highest levels of home foreclosures seen since the Great Depression, and historically high levels of bankruptcy (U.S. Courts, 2010; Hurd & Rohwedder, 2010). The fact that the recession lasted nearly 18 months and that employment recovery has been painfully slow compounded the problem. Although we know much about the financial costs of the recession, we know less about how the recession has influenced households' financial behaviors and family relationships.

One way families may cope with financial difficulties is to stop engaging in sound financial management behaviors. For example, families may reduce or end contributions to

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1723

retirement accounts or begin to pay minimum payments on their credit cards. Alternatively, families may increasingly rely on consumer debt to maintain their standard of living (Baek & DeVaney, 2010). Reducing sound financial management behaviors may free up additional funds for families in the short term, but it may be financially problematic for them in the long term. Thus, one of the research questions we examine is whether families have reduced sound financial management behaviors in response to financial declines during the recession.

Reducing sound financial management behaviors may also harm relationship quality. For example, consumer debt has been linked to both marital conflict and the likelihood of divorce (Dew, 2007; 2011). Consequently, this study not only examined the financial strategies that households have taken to cope with the recession, but also examined whether they were associated with relationship quality for cohabiting and married couples.

A final important question is whether financial behaviors can moderate the effect of financial declines on relationship happiness. Research has suggested that relationship behaviors, such as problem solving, can buffer couples from the negative effects of economic pressure (Conger, Rueter, & Elder, 1999). Although research has indicated that *relationship behaviors* can buffer couples from the stress of financial difficulties, no study has shown whether *sound financial management behaviors* might also help couples weather economic difficulties with their relationship quality intact. For example, couples who continue to engage in positive financial behaviors like cutting back consumption to stay within their budget may be happier in their relationship compared to couples who utilize consumer debt to maintain their standard of living. Alternatively, it might strain couple relations to try and maintain a high level of sound financial management behaviors during economically difficult times.

This research uses data from a national survey of married and cohabiting individuals to examine these three research questions. It contributes to studies on how financial management behavior is related to financial difficulties, as well as to the literature on the association between financial issues and relationship quality. Few studies have used national data to show how households have modified their sound financial management behaviors to cope with the recession. Further, this study is among one of few to examine how actual financial management behaviors are associated with relationship quality. Most studies in this area (e.g., Dew, 2007; Gudmunson, Beutler, Israelsen, McCoy, & Hill, 2007) use actual financial well-being, such as assets or negative financial events. Finally, this is one of the first studies to test whether sound financial management behaviors mediate and/or moderate the relationship between financial declines and relationship happiness. Because the data were collected in the summer of 2009, this study offers a unique opportunity to examine how financial issues during the recession impacted couple relationships.

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LITERATURE REVIEW AND THEORETICAL BACKGROUND

Financial Declines and Financial Management Behavior

Our first aim was to examine how individuals' reports of economic changes during the recession related to their reports of sound financial management behaviors. We define sound financial management behaviors as those behaviors that will help individuals and families attain a more stable financial position and build their net worth (i.e., reduce financial liabilities and/or increase their financial assets). (Hilgert, Hogarth, & Beverley, 2003). Although we do not label these behaviors in a moralistic way (e.g., good or bad), these behaviors do help individuals and families keep their spending within their income limits, build financial assets, and reduce the amount of money that goes toward interest payments. In short, financial planners, counselors, and therapists encourage their clients to engage in these types of behaviors because they will help clients reach their own financial goals.

Although sound financial management behaviors may allow individuals and families to have a stable financial situation and to reach their long-term financial goals, they do involve a cost. For example, funds that are saved or used to pay down debt quickly are unavailable for immediate consumption uses. Thus, engaging in sound financial management may force individuals and families to live at a lower standard of living than their income might otherwise afford them.

Research shows that when households experience financial declines, such as a job loss, they often modify their financial behavior to cope with the change. Some couples may try to cope with financial declines by having one or both partners work more hours (Mattingly & Smith, 2010; Yeung & Hofferth, 1998). Alternatively, families may utilize strategies to reduce their consumption (James, Brown, Goodsell, Stovall, & Flaherty, 2010; Yeung & Hofferth, 1998). For example, families may decrease their expenditures by purchasing clothing at "second-hand" or "thrift" shops (James et al., 2010).

Although these types of behaviors exhibit sound financial management, other types of financial coping strategies, like relying on consumer debt, may not. The permanent income hypothesis asserts that individuals will engage in financial behaviors that fit the resources that they expect over their lifetime (Friedman, 1957). Thus, families experiencing an economic reversal may engage in behaviors that will allow them to maintain their standard of living based on their perceived permanent income by dissaving. That is, couples experiencing economic difficulties will either utilize lines of credit or spend down their savings to maintain the lifestyle to which they are accustomed. In line with these predictions, studies based on pre-recession data have shown that couples may turn to lines of consumer credit or may use liquid savings to maintain their standard of living when facing economic difficulties (Baek & DeVaney, 2010). Finally, not all households have savings that they can spend or lines of credit they can use to cope with financial difficulties. Some families may cope by not paying their bills regularly, or by failing to use a budget, etc. Because of the cost of engaging in sound financial management behaviors, financial

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declines and feelings of economic pressure may negatively relate to sound financial management behavior.

> Hypothesis 1: Reported financial declines and feelings of economic pressure are negatively associated with reports of sound financial management behavior (see Figure 1).

The Family Stress Model: Economic Reversal and Relationship Quality

A second research aim is to examine how financial difficulties during the 2007 – 2009 Recession were related to participants' relationship quality. Prior research has shown that as families experience economic difficulties, many experience increased marital distress. During the Great Depression, for example, families experienced negative financial events. This was linked to reports of many husbands becoming increasingly irritable and angry, reports of increased financial conflict, and reports of increased marital tension (Liker & Elder, 1983).

Studies of regional economic distress identified a similar process at work. During the farm crisis that engulfed much of the Midwest during the 1980s, researchers found that negative economic events were associated with increased feelings of economic pressure. This was then related to affective changes, such as increased depression and hostility, which were then associated with increased marital distress (Conger et al., 1990). The model whereby negative economic events lead to economic pressure, then worse affective states, and finally declines in marital quality is termed the family stress model of economic pressure and marital distress, or simply the family stress model (Conger & Elder, 1994). In addition to validating the family stress model using U.S. nationally-representative data (Dew, 2007; Gudmunson et al., 2007), researchers have validated the family stress model across countries and cultures (Kinnunen & Pulkkinen, 1998; Kwon, Rueter, Lee, Koh, & Ok, 2003). This study uses the family stress model as the main framework of this study. Because of the widespread economic difficulties that existed during the 2007 – 2009 Recession, financial declines may be negatively associated with relationship happiness. This association is likely to be mediated by reports of economic pressure, which will also be negatively associated with relationship happiness.

> Hypothesis 2: Reports of financial declines are negatively associated with relationship happiness. This association will be mediated by reports of economic pressure, which will also be negatively associated with relationship happiness.

Financial Behaviors as a Mediator

Finally, this study examines the role of sound financial management behaviors in the family stress model. First, sound financial management behaviors may play a mediating role in the family stress model. As noted above, we expect couples may use sound financial management behaviors less often when faced with financial declines and the concomitant feelings of economic pressure.

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Decreasing sound financial management behaviors, however, may explain why financial difficulties lead to lower relationship quality. Lower levels of savings and higher levels of debt are associated with lower marital quality, for example (Dew, 2007). Thus, as couples engage in less sound financial behaviors to cope with financial difficulties, they may experience lower levels of marital quality. Consequently, sound financial management behaviors may mediate the association between reported financial declines and relationship happiness and the association between economic pressure and relationship happiness. We use a path model to simultaneously test these three hypotheses (see Figure 1).

Hypothesis 3: Sound financial management behaviors mediate the association between financial decline, economic pressure, and relationship happiness.

Figure 1. Financial behaviors within the Family Stress Model (based on Conger et al., 1990)

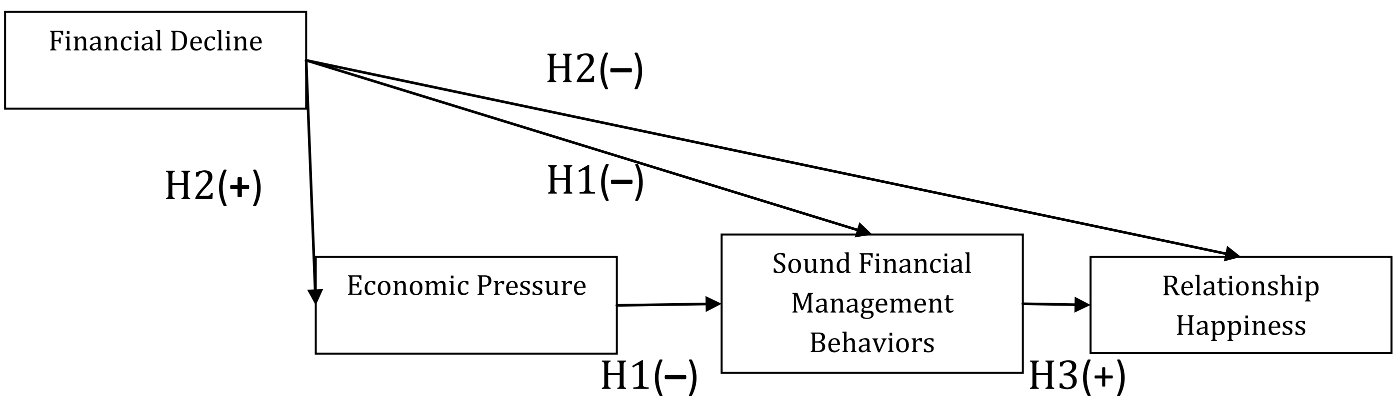

Figure 1. Financial Behaviors within the Family Stress Model shows the proposed hypotheses where economic pressure and sound financial management behaviors mediate the relationship between financial decline and relationship happiness. The model was adapted from Conger et al., 1990.

Financial Behaviors as a Moderator

Instead of functioning as a mediator, sound financial management behaviors may moderate the association between financial difficulties and relationship happiness. That is, the relationship between financial declines, economic pressure, and relationship happiness may depend on individuals' financial management behavior. As noted above, some studies have investigated relationship dimensions that help couples weather financial strain with their relationship quality intact. Communication, problem solving, religiosity, and generosity toward one's spouse have all be found to buffer couples' relationship quality from economic strain (Dew & Jackson, 2012; Conger et al., 1999; Ellison, Henderson, Glenn, & Harkrider, 2011). However, the moderating ability of sound financial management behaviors remains untested.

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The possible moderating role of sound financial management behaviors is ambiguous and leads to a competing hypothesis. Couples experiencing financial crises and economic pressure may be hard-pressed to save at the same levels that they were before, for example. It may be difficult for them to avoid increasing their levels of consumer credit. Further, savings kept for a rainy day is meant to be used during financial crises. Couples may use financial strategies that allow them to consume and live at the same standard of living precisely because these techniques help in the short term. Consequently, we hypothesize that couples who engage in less sound financial management behaviors report higher levels of relationship happiness during economic difficulties than those who maintain sound financial management.

On the other hand, engaging in less sound financial management behaviors may prove problematic. Assets are positively linked to a higher sense of well-being (Dew, 2007; Muntaner, Eaton, Diala, Kessler, & Sorlie, 1998) and negatively linked to the likelihood of additional financially problematic events occurring (Rothwell & Han, 2010). Consumer debt is also linked to higher levels of anxiety and economic pressure (Conger et al., 1993; Dew, 2007; Drentea, 2000). Further, financial assets are positively linked to relationship quality, whereas consumer debt is negatively linked to relationship quality (Dew, 2007; 2011). Although none of the aforementioned studies have explicitly examined financial behaviors, they would suggest that couples who have high levels of sound financial management behaviors during negative economic events may have higher levels of relationship happiness. We hypothesize, then, that couples who engage in more sound financial management behaviors report higher levels of higher levels of relationship happiness during economic difficulties than those who engage less in sound financial management.

> Hypothesis 4: Sound financial management behaviors moderate the association between financial decline, economic pressure, and relationship happiness.

METHOD

Data and Sample

Data were drawn from the Familial Response to Financial Instability Study. The purpose of collecting the data was to create and psychometrically validate a measure of sound financial management behaviors in a prior study (Dew & Xiao 2011). The survey also included questions about participants' financial changes during the recession, their feelings of economic pressure, and their relationship happiness.

Data were collected by a survey research firm (Knowledge Networks). This firm used stratified random-digit dialing and stratified random address-based sampling to create a national sample of over 1,000 individuals. Participants completed the survey via the internet. Individuals who did not have internet connectivity were provided the means to do so. The response rate of this survey was 66%.

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Data collection occurred during the summer months of 2009. Respondents answered questions related to their economic status, financial management behaviors, relationship happiness, and demographic characteristics. The present study used all individuals in the larger study who were either married or cohabiting and were of working age (i.e., 18 – 64 years). The final sample size was 465 individuals. We restricted the sample to those who were cohabiting or married because they were the only participants asked about their relationship happiness. We used only the working-aged participants because prior studies have shown that the family stress model sometimes operates differently for retirement-aged individuals (Dew & Yorgason, 2010).

Measures

Dependent variable. The dependent variable was an item that asked participants to rate their relationship happiness "overall." The response set ranged from 1 (*very unhappy*) to 7 (*very happy*). Global assessments of relationship happiness have been shown to have adequate psychometric properties in large samples (Johnson, 1993).

Independent variables. Participants reported how their finances had changed in the past year (e.g., between summer 2008 and summer 2009). The range of responses was from 1 (*have gotten much worse*) to 5 (*have gotten much better*). We reverse coded the item so that higher scores represented change for the worse.

Like prior studies of the family stress model, we included a measure of economic pressure. The item we used asked participants how often they worried about not being able to pay bills or meet necessary expenses. The response set ranged from 1 (*never)* to 5 (*all the time*).

A scale of financial management behaviors served as the mediator and moderator variable. This scale – the Financial Management Behavior Scale (FMBS) (see Dew & Xiao, 2011) – measures 15 financial behaviors that range from sound cash management (e.g., keeping a written or electronic budget/spending plan), to savings and investments (e.g., saving for a long-term goal), and from credit management (e.g., maxing out one's credit card) to insurance behaviors (e.g., maintaining or purchasing a health insurance plan). Each of the 15 items ranged from 1 (*never*) to 5 (*always*) engaging in the financial behavior in the past six months (or one year for insurance behaviors). We reverse coded the risky credit behaviors so that higher scores represented positive credit behaviors. We then took a mean of the 15 items to create the scale.

Research has previously validated the FMBS as a measure of financial behaviors (Dew & Xiao, 2011). Because this study only used married or cohabiting couples, and the scale was validated using a national sample of adults (whether in a relationship or not), we examined whether the FMBS was still a reliable measure. The Chronbach's alpha for the FMBS in this sample was .83 – an adequate level of reliability. Further, the savings behavior questions of the FMBS were positively correlated with participants' reports of their actual levels of liquid savings (r = .55, p < .001) and the debt management behavior questions

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DOI: 10.4148/jft.v4i1.1723

were negatively correlated with participants' reports of their consumer debt levels (r = -.48, p < .001). This suggests that the FMBS maintains adequate reliability and validity when it is used solely with married and cohabiting individuals.

In the path models (see below), we controlled for variables that might be associated with relationship happiness. These variables included number of children in the home and age. We also controlled for financial variables so that we could measure the different associations regarding financial management behaviors without participants' actual financial status as a confounding variable. These variables were completed education, income, consumer debt, liquid savings, and employment status. Participants' completed level of education was measured on a 13-point scale (from 2–14). A score of 2, for example, signified completing 2nd, 3rd, or 4th grade. A score of 14 signified completing a professional or doctoral degree. Income was measured on a 19-point scale from 1 (*less than $5000*) to 19 (*$175,000 or more*). The question on consumer debt asked participants how much money they had outstanding in credit card debt, non-vehicle installment loans, and past-due bills. Savings was a measure of couples' total amount of money in savings accounts, government bonds, certificates of deposits, etc. These variables were measured on a scale from 1–9, with 1 being "*none or $0*" and 9 being *"$100,000 or more."*

The measures had between 0% and 6% of the responses missing. We examined results using both listwise deletion and multiple imputation. Multiple imputation is generally less likely to bias samples than listwise deletion (Rubin, 1987). In multiple imputation, the statistical software generated five data sets with plausible values in place of the missing values. The software then synthesized the analyses that we ran using the multiply imputed sets. Our findings, however, suggested that the results from the models using listwise deletion were not substantially different than the results generated using multiple imputation. Consequently, we report the listwise deleted models.

Analyses

We used path modeling (using AMOS 20) to examine the association between financial decline, economic pressure, sound financial management behaviors, and relationship happiness. Path analysis allows multiple regression equations to be tested simultaneously. For example, Figure 1 shows three regressions that will be tested at the same time: relationship happiness as a dependent variable with sound financial management behaviors, economic pressure, and financial declines as predictors, sound financial management behaviors as a dependent variable with financial decline and economic pressure as predictors, and economic pressure as a dependent variable with financial decline as a predictor. Path analysis also gives measures of model fit that shows how well the data fit the hypothesized model.

Path analysis and the related technique of structural equation modeling have been common analytical tools in testing the family stress model (e.g., Conger et al., 1990). Although structural equation models do have some advantages over path modeling, we did not conduct one because of data limitations. We did not have multiple variables for any of the constructs except the financial management behavior scale. Further, path modeling

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DOI: 10.4148/jft.v4i1.1723

allowed us to easily test the moderation hypotheses. Moderation models can be more difficult to test in structural equation modeling (Schumacker & Rigdon, 1995).

Moderation models are different from mediation models in that moderation models test whether the relationship between an independent variable and a dependent variable depends on a second independent variable (Baron & Kenny, 1986). In this study, for example, we have hypothesized that the effect of economic pressure on relationship satisfaction depends on participants' sound financial management behaviors. That is, economic pressure may have a smaller or larger effect on relationship satisfaction depending on participants' sound financial management behaviors. A mediation model, by contrast, tests whether the effects of an independent variable on a dependent variable work through a second independent variable. In this study, we hypothesized that the negative effects of economic pressure on relationship satisfaction work through sound financial management behaviors by decreasing those behaviors.

We tested the mediating role of financial management behaviors in the family stress model using three models (Baron & Kenny, 1986). In other words, we ran three separate path analyses to test whether some of the relationship between financial declines, economic behavior, and relationship happiness indirectly worked through financial management behavior. In the first model, we regressed participants' financial management behavior scale scores onto financial declines and economic pressure. In the second model, we examined whether financial declines and economic pressure were associated with relationship happiness. Finally, we added the financial management behavior scale score as a mediator between financial change, economic pressure, and relationship happiness (for the final model, see Figure 1). Three conditions would show evidence of a mediation model: (a) financial decline and/or economic pressure predicting sound financial management behavior, (b) sound financial management behaviors predicting relationship happiness, and (c) adding financial management behaviors reducing the association among financial decline, economic pressure, and relationship happiness (Baron & Kenny, 1986).

In a fourth model, we added two interaction variables to test our moderation hypotheses. To create the interaction terms, we mean-centered (i.e., subtracted the mean from each score) financial decline, economic pressure, and the FMBS. We then multiplied participants' mean-centered financial decline score and their mean-centered FMBS score for the first interaction term. We created the second interaction term by multiplying the mean-centered economic pressure score with the mean-centered FMBS score. If these variables were significant predictors of relationship happiness, we considered that to be proof of the moderation effects.

RESULTS

Descriptive Statistics

Table 1 shows the descriptive statistics for the sample. Participants were generally happy in their relationship, with an average of 5.35. Many of them reported financial

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declines over the year prior to the survey; the mean was 3.3 out of 5. The mean financial management behavior score was 3.58. The mean savings was 4.40. This corresponds to a savings level between 4 (*$3,000 – under $5,000*) and 5 (*$5,000 – under $10,000*). The mean for consumer debt was 4.11, which represents about the same level for savings because they are on the same scale. The average income was at 12.34. Income was measured on a 19-point scale with an income level of 12 meaning an income of between $50,000 and $59,999, and an income of 13 meaning between $60,000 and $74,000. On average, households had one child in the home and the mean age was 43.36 years. The mean completed education was 10.11, which corresponds to having completed some college.

Table 1
Descriptive statistics

	Mean	*SD*	*Range*	*Explanation*
Relationship Happiness	5.35	1.64	1 – 7	Very Unhappy – Very Happy
Reported Financial Declines	3.35	1.13	1 – 5	Financial situation has gotten much better – Financial situation has gotten much worse
Financial Management Behavior Scale	3.58	.74	1.5 – 5	Never – Always engage in those financial management behaviors
Feelings of Economic Strain	3.16	1.21	1 – 5	Never – Almost all the time
Liquid Savings	4.40	2.70	1 – 9	None – $100,000 or more
Consumer Debt	4.11	2.40	1 – 9	None – $100,000 or more
Income	12.34	3.55	1 – 19	Less than $5,000 - $175,000 or more
Number of Children in the Household	.88	1.21	0 – 8	--
Age	43.36	12.76	19 – 64	--
Completed Education	10.11	1.98	2 – 14	2nd, 3rd, or 4th grade - Professional or Doctoral Degree

Financial Management Behavior as a Mediator

Our first set of analyses examined whether sound financial management behavior mediated the association between feelings of economic pressure and relationship happiness. We first tested how financial declines and economic pressure were associated with the FMBS. Model 1, in both Figure 2 and Table 2, show the results. Financial decline was positively associated with economic pressure (b = .40, p < .001), but was not directly

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associated with the FMBS scores. Economic pressure was negatively associated with participants' FMBS scores (b = -.15, p < .001). The more economic pressure participants reported, the less they reported engaging in sound financial management. The chi-square was not significant, indicating a good fit between the model and the data (χ^2 = 4.32, df = 3). Other indices also suggested a good model fit (CFI = .99, IFI = .99, RMSEA= .03). These findings partially support Hypothesis 1 that financial declines and economic pressure would be negatively related to sound financial management behaviors.

Figure 2. Financial decline, economic pressure, and the FMBS

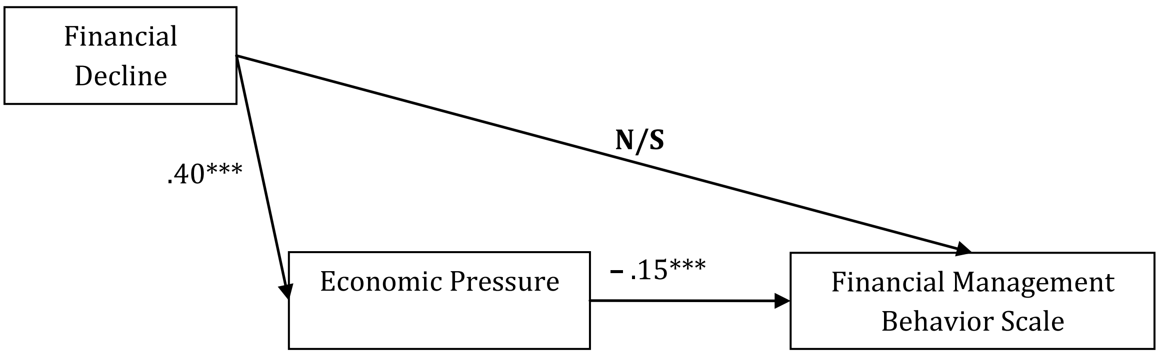

Figure 2. Coefficients are unstandardized. Control covariates not shown. *p < .05, **p < .01, ***p < .001

In the next model, we regressed relationship happiness onto financial decline and economic pressure without the FMBS (see Model 2 in Figure 3 and Table 2). The data fit the specified model fairly well; the chi-square was not significant (4.34, df = 3). Other indices of model fit were acceptable (CFI = .99, IFI = .99, RMSEA= .03). Without the FMBS in the model, economic pressure was negatively associated with relationship happiness (b = -.15, p < .05). That is, the more economic pressure that participants reported, the lower their reported relationship satisfaction, on average. Further, financial decline predicted economic pressure (b = .40, p <.001), but economic pressure did not fully mediate the association between financial decline and relationship happiness (b = -.27, p < .001). Hypothesis 2 was supported, indicating that financial decline and economic pressure were associated with relationship happiness with the exception that the mediating role of economic pressure was not full mediation.

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Figure 3. Results of the Family Stress Model without financial management behaviors

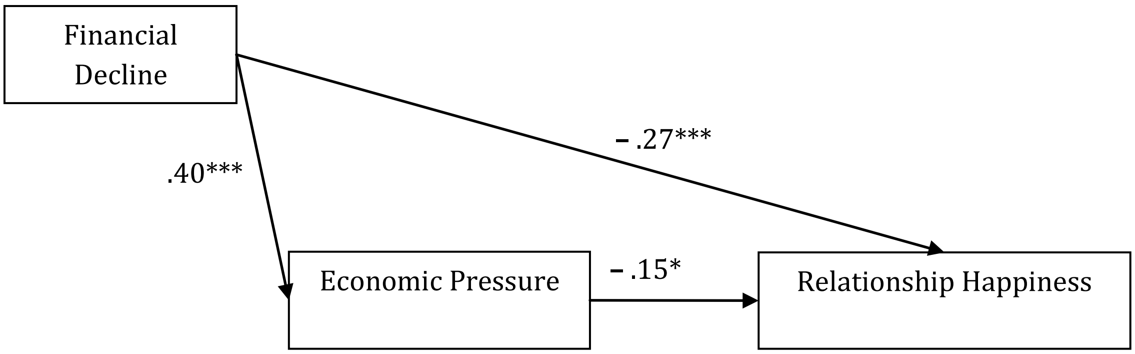

Figure 3. Coefficients are unstandardized. Control covariates not shown. *p < .05, **p < .01, ***p < .001

The fourth model added the FMBS score (see Figure 4 and also Table 2, Model 3) to test Hypothesis 3. The model fit was similar to the first two models (χ^2 = 4.34, df = 3, p > .05, CFI = .99, IFI = .99, RMSEA = .04). With the FMBS score in the model, economic pressure was no longer a statistically significant predictor of relationship happiness, though financial decline was (b = -.26, p < .001). Financial management behavior positively predicted relationship happiness (b = .34, p < .01). These findings support the idea that financial management behaviors fully mediate the association between economic pressure and relationship happiness. However, it did not mediate financial decline.

Figure 4. Results of financial behaviors in the Family Stress Model

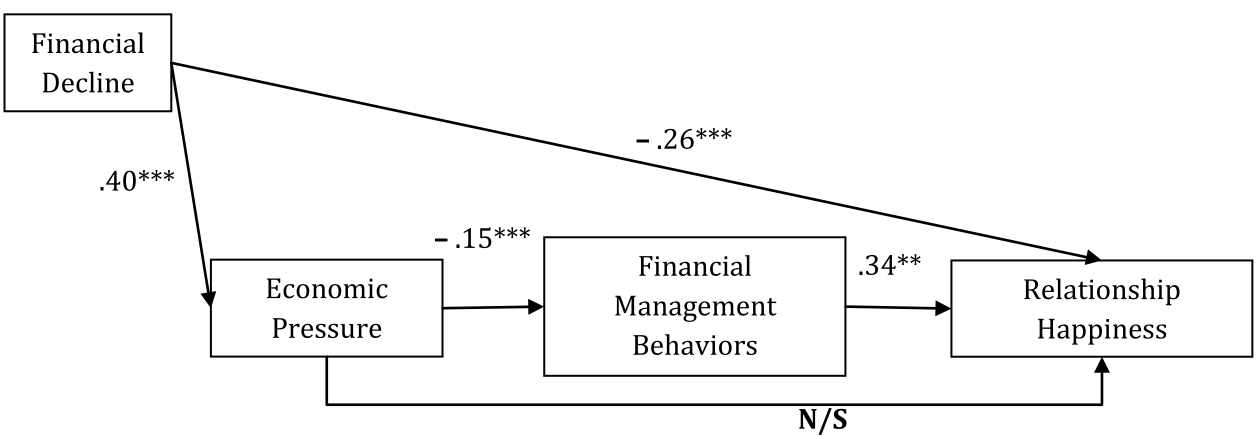

Figure 4. Coefficients are unstandardized. Control covariates not shown. *p < .05, **p < .01, ***p < .001

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Table 2
Mediation models

	Model 1			Model 2			Model 3		
	b	*SE*	β	*b*	*SE*	β	*b*	*SE*	β
Predicting Economic Pressure									
Financial Decline	.40***	.04	.37	.40***	.04	.37	.40***	.04	.37
Pseudo-R^2 (Squared Multiple Correlations)		.30			.30			.30	
Predicting Financial Management Behavior									
Financial Decline	-.04	.03	-.06	–	–	–	-.04	.03	-.06
Economic Pressure	-.15***	.03	-.25	–	–	–	-.15***	.03	-.25
Pseudo-R^2 (Squared Multiple Correlations)		.47						.47	
Predicting Relationship Happiness									
Financial Decline	–	–	–	-.27***	.07	-.19	-.26***	.07	-.18
Economic Pressure	–	–	–	-.15*	.07	-.11	-.09	.07	-.07
Pseudo-R^2 (Squared Multiple Correlations)		–			.12			.13	

* $p < .05$, ** $p < .01$, *** $p < .001$
Note. Coefficients for the control covariates are omitted for the sake of readability.

Financial Management Behavior as a Moderator

Our final analyses examined whether financial management behavior moderated the association between financial decline, economic pressure, and relationship happiness (Hypothesis 4). To conduct the analysis, we added the interaction between reports of financial decline and the FMBS score to the model shown in Figure 4. We also added the interaction between reported economic pressure and the FMBS interaction term. The economic pressure by FMBS interaction term was not associated with relationship happiness. The financial decline by FMBS interaction term was positively associated with relationship happiness ($b = .20$, $p < .05$).

Figure 5 shows predicted values of relationship happiness for four hypothetical individuals, including (a) one with the lowest levels of financial decline and lowest FMBS scores, (b) one with the lowest levels of financial decline and the highest FMBS scores, (c)

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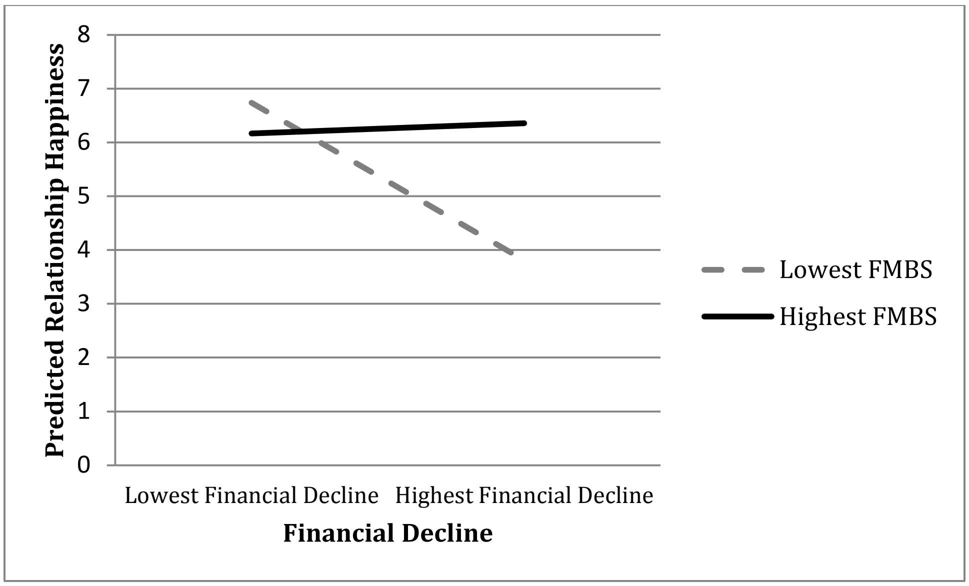
one with the highest levels of financial decline and the lowest FMBS scores and (d) one with the highest levels of financial decline and the highest FMBS scores. We also assumed that each hypothetical case had one child – the only control covariate that was a statistically significant predictor of relationship happiness. Figure 5 suggests that participants' relationship happiness was reasonably stable when individuals were practicing high levels of sound financial management behaviors. It did not really matter whether these individuals experienced low or high levels of financial decline during the recession. However, for those who practiced low levels of sound financial behaviors, their relationship happiness was predicted to be much lower when they experienced high levels of financial decline during the recession. Therefore, hypothesis 4 was partially supported.

Figure 5. Predicted levels of relationship happiness by financial decline and financial management behavior



DISCUSSION

Findings and Research Implications

This study examined the relationships among financial decline, economic pressure, sound financial management behaviors, and relationship quality at the end of the 2007 – 2009 Recession. It also examined whether sound financial management mediated and/or moderated the association between financial declines, economic pressure, and relationship happiness. We framed the analyses using the family stress model of economic and marital distress. To our knowledge, this is one of the first studies that examines how sound financial management behaviors are associated with relationship happiness.

Our first hypothesis was that financial difficulties and economic pressure would be associated with lower levels of sound financial management behavior. We found that reports of financial decline were only indirectly related to financial management behaviors

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DOI: 10.4148/jft.v4i1.1723

at the end of the recession. That is, higher levels of financial declines were associated with higher levels of feelings of economic pressure. Feelings of economic pressure were then negatively associated with reports of sound financial management behavior. These findings suggest that families can experience financial decline, but still maintain sound financial management if they do not also experience feelings of economic pressure.

At the same time, the findings suggest that feelings of economic pressure may be important predictors of sound financial management behavior. When individuals and families feel that they are having a hard time meeting their expenses, they may decrease their sound financial management. Sound financial management may become a "luxury" that they feel they can no longer afford. Even though families might be financially better off in the long run by continuing sound financial management, the emotional pressures of feeling like they cannot meet their expenses may prevent them from doing so.

One question that naturally arises from this finding is the directionality of the relationship between economic pressure and financial behaviors. Other studies (Dew, 2007) suggested that sound financial management behaviors should reduce economic pressure. It is possible that financial management behavior predicts economic pressure. Given that our data is cross-sectional, we could not test this question with the present data. Future research using longitudinal data would be necessary to thoroughly examine the likely reciprocal relationship between sound financial management behaviors and feelings of economic pressure.

Our second hypothesis was that reports of financial decline during the 2007 – 2009 Recession and economic pressure would be associated with lower levels of relationship happiness. We did find that individuals who reported that their financial situation had become worse over the past year had lower relationship happiness than those whose financial situation had stayed the same or improved. Further, individuals who experienced increased feelings of economic pressure reported lower levels of relationship happiness. This finding is similar to other studies (e.g., Conger et al., 1990), suggesting that negative financial events and economic pressure take their toll on relationship quality. One unique explanation for this finding is that as individuals experienced greater feelings of economic pressure, they used fewer sound financial management behaviors. As a result, relationship happiness was lowered.

This relates to our third hypothesis that sound financial management would mediate the association between feelings of economic pressure and relationship happiness. As just described, we found that sound financial management fully mediated the association. That is, without financial management behaviors in the model, economic pressure was negatively associated with relationship happiness. However, when financial management behaviors were in the model, economic pressure was not associated with relationship happiness. This finding suggests that when individuals experienced financial declines, they practiced lower levels of sound financial management to maintain the lifestyle they are accustomed to living. Engaging in less sound financial management behaviors was also associated with lower relationship happiness. Thus, cutting back on

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DOI: 10.4148/jft.v4i1.1723

sound financial management behaviors during feelings of economic pressure might help individuals maintain their lifestyle, but they may also pay a relationship cost.

The analysis of this question also allowed us to examine how financial behaviors were associated with relationship happiness. We found that sound financial management behaviors were associated with increased relationship happiness. This is one of the first studies to find a direct link from financial behaviors to relationship happiness even after controlling for participants' financial status. This result could be related to couples engaging in sound financial management behaviors progressing toward jointly held financial goals. As couples realize their financial goals, they may be more satisfied in their relationship. Alternatively, engaging in sound financial management may simply allow individuals and couples to feel that they have more control over their lives.

Implications for Practice

These findings have implications for the practice of financial advisers and relationship therapists. First, the fact that financial reversals were not directly associated with sound financial management behavior, but that feelings of economic pressure were directly associated may suggest an avenue of intervention. Practitioners desiring to help individuals develop more sound financial management behaviors might have additional success as they address the negative emotions that sometimes accompany problematic financial situations. If emotions – rather than perceived financial reality – are key to helping individuals engage in more sound financial management, then a practitioner might help individuals and couples who are going through a difficult financial situation to mitigate or control feelings of stress. Clients may then be more likely to engage in or continue to engage in sound financial management, rather than reducing sound financial management to cope with their emotional stress.

Like other studies, the findings also suggest that financial difficulties associated with macroeconomic problems can impact relationships. From studies of the Great Depression (Liker & Elder, 1983), to the Farm Crisis of the 1980s (Conger et al., 1990; Conger & Elder, 1994), to the most recent recession, macroeconomic difficulties seem to harm couple relationships by increasing feelings of economic pressure. This insight is likely well-known among both financial and relationship practitioners who see the results of continued widespread financial difficulties among their clients. The implication is that partnered clients may be experiencing stress from two sources, a decline in their financial situation and a decline in their relationship quality. Practitioners who help couples build their relationship quality may find it helpful to seek the advice of a financial practioner who can help them understand the complexities of family finance so that they can better assist their clients and vice-versa.

A more unique implication from this study is that some of the relationship difficulties couples experience because of feelings of financial stress actually arise through decreased sound financial management behaviors. The path model suggested that individuals who had feelings of economic pressure were less likely to practice sound financial management. Yet, practicing lower levels of financial management behaviors may

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DOI: 10.4148/jft.v4i1.1723

lead to experiences of decreased relationship happiness. One previous study (Aniol & Snyder, 1997) supports this notion, suggesting relationship and financial difficulties can be comorbid. This finding is complemented by the finding that sound financial behaviors moderate the experience of a worsening finances. Individuals who reported declines in finances during the recession, but who maintained sound financial management, reported relationship happiness levels that were the same as those who did not experience financial declines.

Cutting back on sound financial management behaviors to cope with feelings of economic stress seems to be precisely the wrong strategy. Practitioners may use these findings as additional evidence as to why clients should practice sound financial management behaviors during times of economic stress. When clients experience economic reversals and/or economic pressure, it would help them financially and relationally if they could maintain sound financial management behaviors. Engaging in sound financial management might help individuals improve their financial and relationship positions during times of economic pressure.

This finding may also have implications for those who work to help couples improve their relationship happiness. One way to enhance relationship happiness would be to practice sound financial management behaviors more frequently. Therapists who work with married and cohabiting couples might be able to leverage financial issues to improve the relationship (Shapiro, 2007; Stanley & Einhorn, 2007; Zimmerman, 2010). Alternatively, some couples may need the assistance of a financial advisor who can help them develop sound financial behaviors. Although this study did not "prove" that sound financial behaviors improve relationships for couples who are facing financial difficulties, the findings insinuate this idea (see also Zimmerman, 2010).

Limitations

Limitations exist in this study. First, the data are cross-sectional, limiting the ability to draw cause and effect assertions. We drew our hypotheses and path models from a strong theoretical model that has been verified many times. We recognize, however, that we still cannot make conclusive statements about the directions of the effects. For example, it may be that feelings of economic pressure influence the likelihood of participants reporting financial declines. Alternatively, marital happiness might actually bring about more sound financial behaviors. Couples who are happy and stable in their relationships may be more likely to invest in it by accumulating wealth, etc. (Finke & Pierce, 2006; Zagorsky, 2003).

Measurement limitations also exist. As noted above, we only had one item to measure the majority of the variables. Consequently, they may have lower levels of reliability than they would if we had multiple items for each construct.

Finally, some of our findings may still be a result of selection. For example, the association between financial management behaviors and relationship happiness may

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DOI: 10.4148/jft.v4i1.1723

actually be explained by a third variable of conscientiousness. That is, individuals who are globally conscientious in their lives may manage their finances in a sounder manner and likewise attend to their relationships more. This might increase their levels of relationship happiness. We also did not have measures of relationship duration. Individual who had been in their relationships longer may have happier relationships and be more likely to utilize sound financial management. Although we could differentiate between the cohabiting and married couples, controlling for relationship status (and presumably relationship duration to some extent) did not change the findings. Due to cost constraints, we were not able to ask every question that we would have liked and so we were not able to control all possible relevant variables.

Conclusion

Although these limitations exist, this study contributes to the literature in a number of ways. It is the first study that we are aware of that used a national survey to examine the associations among financial problems during the 2007 – 2009 Recession, financial management behaviors, and relationship happiness. It also included both married couples and cohabiting couples. Further, it is one of the first studies to demonstrate that financial behaviors are associated with relationship happiness. Hopefully future studies will continue to examine the relationship between financial behaviors and relationship quality. The insights garnered from such studies would be particularly useful both to researchers and to practitioners who work with couples.

Acknowledgement: The National Center for Family and Marriage Research provided the resources to collect the data used in this study.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1723

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ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1723

A Therapist's Perspective of a Financial Planning Course: Implications for Financial Therapy Education and Trainings

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This paper presents the autoethnography of a doctoral Marriage and Family Therapy (MFT) student studying finances in a graduate course. A dataset in the form of field notes was created through recording observations and reflective journaling during a 15-week financial planning course. This data set included observations and insights on various skills and knowledge that would be helpful for conducting financial therapy, the professional and personal growth of a therapist integrating finances into her clinical work, and evaluations regarding how financial courses can be beneficial for therapists and planners who are interested in the interaction between relational and financial issues. Based on the first author's experiences, reflections, and conversations with the second author, four themes were developed. The themes were: (a) Seeing the Unnoticed: Challenging Implicit Assumptions, (b) Critically Examining My Own Money Scripts, (c) What Can Therapists Learn From the Financial Discipline, and (d) What Financial Planners Can Learn from the Clinical Disciplines. Implications for the burgeoning field of financial therapy are discussed, with special attention given to cross-discipline education and training.

Keywords: financial therapy; family therapy; financial planning; collaborations; autoethnography; training; qualitative

Growing up, I (first author) remember seeing and hearing my parents argue about money. They fought about purchases only one of them felt was necessary, how much to spend on vacations, and not having enough money. My own marriage has experienced similar fights, and at times it feels like my husband and I see money in completely different ways. My parents and my own marriage are not unique in this way. Money is the most commonly reported argument-starter and a top-rated problem area for couples (Miller et

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

al., 2003; Stanley, Markman, & Whitton, 2002; Storaasli & Markman, 1990; Papp, Cummings, & Goeke-Morey, 2009). In fact, money has been named as one of the main catalysts for divorce (Dew, Britt, & Huston, 2012).

Some couples reduce financial and marital strain by consulting with a financial planner and improving their joint financial management (Knuckey, 2003). Other couples benefit from couple's therapy focused on increasing communication skills and learning more effective ways to cope with their financial strain. Couples experiencing distress could also spend the time and money consulting with both a planner and a therapist separately to deal with each issue (Falconier & Epstein, 2011). As an alternative, couples could choose to engage in "financial therapy" and kill two birds with one stone. Financial therapy is a model that integrates treatment aspects from mental health interventions with financial planning techniques (Grable, McGill, & Britt, 2010). Financial therapy may be a possible anecdote to the relationship between financial strain and marital distress we have seen in the literature. Yet, there is still not consensus on how one actually does financial therapy: (a) do clinicians refer clients out to a financial professional, (b) provide co-therapy with someone trained in financial planning, or (c) should clinical and financial advising practitioners receive alternative training ourselves (Falconier & Epstein, 2011)? As a student at the University of Georgia, I was presented with an interesting opportunity to explore and learn about financial therapy first-hand.

I am a therapist who works in the University of Georgia's interdisciplinary clinic, the ASPIRE Clinic. The ASPIRE Clinic provides individual, couple, and family therapy, financial education and counseling, nutritional education, home environment and design consulting, and legal problem solving services. These services are offered independently or conjointly depending on clients' needs and/or wishes (Gale, 2012). As a family therapist at ASPIRE, I have had the opportunity to work alongside financial planning students both in sessions and in supervisory teams. It was easy to see how much this benefitted my clients. In termination sessions, clients reported a decrease in financial strain and an increase in the ability to talk about money in most cases. While I enjoyed working alongside the planning students, problems arose when conducting financial therapy. I had a lack of financial knowledge, unclear expectations of how financial therapy should be conducted, and difficulties even discussing money with others. Therefore, I decided that I was going to face these three issues directly and improve my skills by enrolling in a financial planning course. I utilized the qualitative methodology called autoethnography to record and analyze my experiences (Ellis & Bochner, 2000). The goal of this autoethnography was to examine what personal and professional changes would occur for a therapist trying to become a financial therapist.

Autoethnography as a Research Approach

Ethnography is the study of social exchanges, actions, and perceptions that occur within individuals, groups, and communities (Reeves, Kuper, & Hodges, 2008). In traditional ethnography, the researcher embeds themself in the field and studies "the other," whether that is a native tribe, people of a different socio-economic status, or any

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

group that is different from himself or herself (Patton, 2002). Whereas in traditional ethnography, the researcher's personal experiences with and reactions to the group are carefully removed from the study in an effort to accurately represent what the culture is really like (Vidich & Lyman, 2000). An autoethnographic approach is a form of ethnography that focuses on the lived experience of the researcher through journaling and introspection (Ellis & Bochner, 2000). It is different from an autobiography, as an autoethnography is focused on a specific phenomenon, which is embedded in a certain context assessable by the researcher. Autoethnographies have been heralded as just as rigorous and justifiable as any other form of qualitative inquiry (Duncan, 2004; Wall, 2008). Furthermore, an important part of qualitative inquiry is the intentionality or transparency of the researcher in relation to their research.

In addition to being transparent about their beliefs and values, an autoethnographic perspective highlights the stories surrounding the researcher's personal struggles and experiences that led to their research interests, which is a legitimate research endeavor in and of itself. This struggle is seen as an integral part of the research process. Autoethnography was developed as an approach that allowed the researcher to study a group to which he or she belonged, while allowing his or her experience with that group to be a central focus of the study (Ellis & Bochner, 2000).

Though autoethnographic research can take the form of poetry, short stories, or even fiction, the purpose is usually the same: to explore a social phenomenon present in the researcher's own group, using his or her personal experience with that phenomenon. On a personal level, I am processing the growing pains I experienced in becoming a better financial therapist and changing my relationship around money. I have learned to shine light on the fears and anxieties I had to conquer in my personal life and in my clinical development. On a professional level, this autoethnography also exemplifies the growing pains of a field finding itself. What should financial therapy look like, what are the obstacles to doing financial therapy, and where do financial therapy trainings need to develop in the future? What follows is the story of how I began my journey as a financial therapist.

Self of the Researcher

Since an autoethnography addresses the personal responses of the researcher, it is necessary to critically and reflectively examine one's own views and values. This requires a transparency and openness of one's own processes, even when they are embarrassing. This section on self of the researcher presents these personal reflections. Let me begin with the beginning of my journey into financial therapy. I knew after my first financial therapy session I had no idea what I was doing. I felt like I was not a financially literate person. After all, I didn't budget, I didn't save, and rarely did I even think about money. When I got married a couple years ago, I happily handed over my finances to my husband because I hated all tasks related to money (e.g., paying bills, making financial decisions, etc.). After reading the research on money scripts conducted by Klontz, Britt, Mentzer, and Klontz (2011), I discovered that I was a perfect example of a *money avoider*. I had an unhealthy relationship with money. It caused feelings of anxiety that were often expressed as

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

frustration and anger. Therefore, when I decided that I wanted to do better financial therapy, I knew I needed to start at square one, myself. I wanted to take an introductory class to finances that would help me put my toe in the proverbial water. In deciding what course to take, I spoke to a financial professor. He recommended Family Financial *Counseling*, but I mistakenly signed up for Family Financial *Planning*, further demonstrating my lack of financial literacy. The Family Financial Planning course is a 15-week split-level, capstone course for undergraduate and graduate students studying financial planning. The course addresses advanced financial topics and the development of a comprehensive financial plan. The course also covers financial regulation, certification, and legal and ethical requirements for financial planners. As a doctoral family therapy student, I was given permission by the instructor to take the course even though I had not completed any of the six financial planning course prerequisites. The other students in this class were financial planning students with significant course experience and many had completed internships in the field. I had several initial reactions after the first day of class, including: (a) feeling unprepared, (b) recognizing how little I knew about finances, (c) anticipating how stupid I was going to sound, and (d) feeling overwhelmed as the content in this class was *much* more than I wanted to learn about finances. After that flurry of thoughts, I wondered why I never thought about these aspects when I was in the therapy room assessing clients' financial stressors. This question was a large part of my decision to stay in this course. I decided it was time to become a more competent financial therapist.

When I told my mentor (second author) about my decision to stay in the class, he was incredibly supportive. He suggested that I keep a journal of my experiences and conduct an "autoethnography" (Ellis & Bochner, 2000). He wanted me to rigorously and critically examine my experiences in order to: (a) further develop my skills and knowledge; (b) explore how a therapist transforms into a financial therapist; and (c) gather insights about how to effectively teach/learn financial therapy. Throughout my journey and without clear guidelines of what one needs to learn about financial therapy, I encountered and overcame many obstacles. The insights I gained serve as exemplars for both clinical students and financial students as they seek to become financial therapists. This paper is also meant for educators of financial therapy to assist them in considering the student perspective. As new courses are created and as the field continues to grow, it may be beneficial to apply some of the lessons I learned to the development of educational standards for future financial therapists.

RESEARCH METHODOLOGY

Rationale and Research Question

The rationale for this study is to provide a first-hand student perspective of becoming a financial therapist. Such accounts are important because they allow for a greater understanding of the students' perspectives and highlight the growth areas for training in financial therapy. As such, the research questions to be addressed in this study were:

1. What impact would taking a financial course have on my clinical work?

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

2. What impact would taking a financial course have on my relationship with money?
3. What courses would be helpful to planners and therapists who want to be trained in financial therapy or would be needed to create a "financial therapy degree?"

It is the study of the phenomenological experiences of a family therapist learning to develop as a financial therapist, and as such, addresses both personal and professional aspects of her life. Phenomenological research is the study of a phenomenon through empirical observations (Daly, 2007). As a phenomenological experience, this study is connected to the personal lived experiences of any individual learning and developing in a new profession. Therefore, the findings can be extrapolated to other professionals learning and developing in a new profession.

Data Collection

Throughout the course, my research approach consisted of observation and reflective journaling to produce a personal dataset in the form of field notes. I noted specific events, conversations, thoughts, and emotional reactions from my experiences in the financial course. In class, I would jot down brief notes, which I expanded after each class to produce a more detailed account. These details helped me process and critically analyze my experiences. Once a week, I reflected upon what I was learning in class and how it was influencing my clinical work. During my weekly reflections, I also recorded my personal experiences around money. I described changes in my spending habits, how my husband and I talked about money, and the evolution of my feelings around money.

Trustworthiness

To ensure trustworthiness within this study, the authors followed the suggestions outlined by Anderson (2006). These suggestions included: (a) complete member researcher status, (b) analytic reflexivity, (c) narrative visibility of the researcher's self, (d) dialogue with informants, and (e) commitment to theoretical analysis (Anderson, 2006, p. 6). I was immersed in the financial course and experienced it first-hand, fulfilling Anderson's first guideline. Steps two and five, analytic reflexivity and commitment to theoretical analysis, were completed by thoroughly reviewing class notes and purposely stimulating recall through attention to detail, leading to additional recollections and insights even after the course was completed (Emerson et al., 1995). I also periodically discussed my notes and observations with my mentor as a way to reflect on the larger themes present in my writing. He challenged my assumptions through offering different perspectives, interpretations, and rigorous questioning; all of which allowed me to critically examine each theme and refine my thoughts. The third guideline, narrative visibility of the researcher, is addressed in the "self of the researcher" section of this paper. Narrative visibility of the researcher relates to the fact that the autoethnographer has a dual role as both a researcher and a member of the group being studied. Due to the dual role, autoethnographers should be open to sharing their insights, experiences, thoughts, and feelings to "reveal themselves as people grappling with issues relevant to membership

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DOI: 10.4148/jft.v4i1.1763

and participation in fluid rather than static social worlds” (Anderson, 2006, p. 384). Finally, my dialogue with colleagues in the course, and my husband at home, fulfilled Anderson’s fourth guideline.

Data Analysis

Preliminary data analysis occurred simultaneously throughout the data collection process. After completing the course, re-reading my notes, and purposely stimulating recall through attention to details and emotional recall led to additional recollections and insights (Emerson et al, 1995). Also, both during and after the semester, every few weeks I discussed my notes and observations with my mentor, as a way to reflect on the larger themes present in my writing. He challenged my assumptions through offering different perspectives and interpretations that allowed me to thoroughly and critically examine each theme. This rigorous questioning was effective in helping me clarify and refine my thoughts and develop themes clearly grounded and demonstrated in my notes.

Following the completion of the course, and the notes organized and expanded, I conducted a thematic analysis whereby I categorized the data into emerging themes and patterns (Emerson et al., 1995). I chose to write my autoethnography in the form of themes that developed in my journal. Through using themes, I was able to conceptualize my change over time. The themes describe the insights that led to behavioral changes for me in the therapy room and in my home life. The many themes noticed throughout the semester were eventually collapsed into four main categories. First was the uncovering of assumptions and biases I had held about financial planning; this theme was called “Seeing the Unnoticed: Challenging Implicit Assumptions.” Many of them were positive stereotypes about financial planning, but all of them had the potential of negatively influencing my work with clients in financial therapy. The second theme was called “Critically Examining My Own Money Scripts,” which focused on the knowledge I gained around financial literacy and more about my own money scripts. The third theme addressed what planners could teach therapists and was entitled, “What Can Therapists Learn from the Financial Discipline?” The fourth theme, “What Can Financial Planners Learn from the Clinical Disciplines?” refers to what therapists can teach planners. The themes are all based on my first-hand experiences from class, therapy, and personal experiences during the 15-week period, intertwined with supporting literature.

RESULTS

Theme 1: Seeing the Unnoticed: Challenging Implicit Assumptions

As I read through my journal, the first theme that developed from my experiences was the assumptions I had unknowingly held toward financial planners. For instance, one class focused on how financial planners create goals in their planning sessions. During this class, I became impressed by the financial planners’ desires to shield the clients’ feelings during the goal-setting process. The financial planning professor and the other financial planning students discussed ways to protect their clients with language that is neither

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DOI: 10.4148/jft.v4i1.1763

blunt nor accusatory. They talked about their intrinsic desire to remain focused on the clients' dreams for the present and the future. During this class, they also discussed the recent economic downturn and its impact on planning. The planners wanted to make sure that, despite the economic state, their clients still felt that their needs would be met. For instance, in one case study used in the class, the couple enjoyed luxury cars. Instead of focusing on how to take away luxury cars from them because it was not an essential, the class focused on how it was something important to the couple. This truly challenged my assumption and bias that financial planning's main goal was simply to protect the bottom line and help their clients make and save money.

This same class session also addressed my stereotype that the common personalities of financial planners would be cold and logical. I thought the financial planners' job was to have their clients invest properly based on equations, rather than assessing their emotional needs and wishes. I do not think I would have been able to eradicate this stereotype until I witnessed the client-centered perspective that financial planning students were being taught in the class. I also wonder and hope this is true for other training programs for planners. I also hope that financial planning organizations continue working against this misconception that planners do not care about anything except for the bottom line. This may prevent clients from expressing their dreams for the future with their planners, because they worry that those dreams are not financially acceptable.

The professor addressed the next misconception in a class lecture. I believed that financial planners could fix all money problems. She said in class that there is a very common misconception held by the general public (myself included) that financial planners are able to find money out of thin air. In fact, I know from a personal experience that I perpetuated this misconception in one of my first referrals to financial therapy when I told a client that the financial planner was going to join us in therapy to fix their financial situation. The clients at the time had more money going out in debt payments than coming in through income. There was no quick fix to this situation and I perceived they were disappointed with the process. I also found myself frustrated that the planner did not just fix the situation because I did not have the knowledge of what the process of financial planning truly looked like. While I was in class, I realized how this misconception could be incredibly detrimental. Instead of allowing the planner time to work with the clients and create a plan of action that would eventually remedy the situation. I expected them to find immediate solutions. I remember thinking, "why can't you just fix their problems," instead of actively participating in the process of changing patterns of behaviors around money. I cannot help but ruminate about how my previous sessions would have been different if I had not placed unrealistic expectations on the process. In this particular case, the couple quickly became frustrated with the lack of progress in treatment and quit attending sessions.

My final misconception about financial planning was about the actual logistics of planning. I came into the class with the false belief that there would be a formula for every possible financial situation. I realized that there is a certain amount of uncertainty in

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DOI: 10.4148/jft.v4i1.1763

financial planning. It also is nearly impossible for planners to know everything about finances in every possible context. I had a very similar experience when I started doing therapy. I remember thinking that there would be a checklist of things to assess within a family and that a formulaic approach to resolving the ascertained issues existed. Therapists are often racked with the anxiety of what to do next and lost on how to intervene. I do not know why I expected financial planning to be different. Because we both work with the complexities of human life, there are no quick solutions.

Theme 2: Critically Examining My Own Money Scripts

The assumptions I held before entering this class showed me how little I knew about financial planning initially. I wish those had been my only blind spots, but I could not possibly name the countless times in class where I was completely ignorant of financial strategies, pitfalls, and problem areas. My sense of inadequacy around money is true in the classroom, in my personal life, and in the therapy room. For instance, taxes were an especially weak area for me because, despite submitting state and federal taxes for the past 15 years, the fact is that I have never completed my own tax return. My parents prepared my taxes until my husband took them over. If my husband left me tomorrow, I would be completely helpless in this area and would most likely resort to asking my mother to take it over again. As a woman who values female empowerment, it pains me to admit my financial dependence and acknowledge how ignorant I was about my financial situation as a whole. I do not think my situation is unique. In fact, Summers, Ironfield-Smith, Duxbury, Hudson, and Keasey (2005) found that many women have significantly less knowledge about financial matters than men. Numerous other studies have indicated that women (compared to men) are more risk averse and have less confidence in their ability to make economic decisions around employment, investing, and retirement planning (Anthes & Most, 2000; Bajtelsmit & Bernasek, 1996; Grable 2000; Jianakoplos & Bernasek, 1998; Loibl & Hira, 2007). However, I wanted to start with becoming more comfortable with money myself. The realization of my limitations made me want to learn more. I began bringing my work home from class and talking about it with my husband. We began to make decisions in investments and future planning together. These discussions not only helped me become more informed about our own financial situation, but I also think my husband had held onto some stress from making financial decisions unilaterally. I decided to ask him directly.

I interviewed my husband about the changes that he observed in me around money. We started the discussion around the financial communication skills I had developed from the course. He said he enjoyed talking to me more now that I had increased my knowledge around money. He recalled times in the past where I would become frustrated in our conversations because I felt like he was talking down to me when he really was just trying to explain concepts. He appreciated that I had begun to add to our conversations based on things I learned in class. For instance, we talked about the need for us to save more money. In the past, our budget talks had not been very productive because I felt like he was attempting to regulate my spending. In our budget discussions after the class, I spoke of the need for our savings accounts to become named for what we were saving for at the time. It became easier for me not to buy a coffee from Starbucks when I focused more on saving for

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DOI: 10.4148/jft.v4i1.1763

vacations, student loans, or our future children. When we spoke about our budget then, I relayed how important an entertainment budget was for me. I do not splurge on clothes, but I do splurge on having dinner with friends. Through having a new understanding of the spending plan, with the addition of the named savings account and adjusted spending categories, we were able to create a new budget together and actually enjoyed the process. It felt like we were co-creating a game plan for the future, rather than him telling me how to spend our money, although that was never his intention.

My husband was also surprised by some of the spending habits that changed in me over the course of the class. He acknowledged that I never overspent on big items, but I did have a habit of buying coffee, snacks, and so on throughout the week. Because I came into the class as a money avoider, I did not see these small items as a big deal. I used my card and never gave it a second thought. I used to rationalize it too. I would say, "I can buy this $3 coffee because I went to Great Clips for my hair cut." However, by creating a spending plan for a hypothetical couple, I started to be more interested in where my money was going. I realized that the $3 coffee was not congruent with my values and decided that I would rather be putting that money away for things that were more important to me. Yet, the primary change that occurred was that I gained a new tolerance for financial discussions. I found that I did not get frustrated as easily, felt more like an equal to my husband, felt more optimistic about the future, and began to see money as a vehicle for happiness, rather than an obstacle to avoid. The change I saw in myself can be summed up as a shift away from money avoidance.

In conclusion, I feel that if I had taken one of the money beliefs or attitudes scales, I would have been identified as a money avoider (see Klontz, Britt, Mentzer, & Klontz, 2011). I had an unhealthy relationship with money. It caused feelings of anxiety that were often expressed as frustration and anger. Taking this class benefited me immensely because it not only improved my relationship with money, but it also helped my relationship with my husband. I suspect other mental health practitioners taking financial classes and examining their relationship with money may also find personal and professional benefits as well.

Theme 3: What Can Therapists Learn from Financial Courses?

I started out in the course with little knowledge about financial planning and what I did think I knew was flawed at best. Thinking back at the end of the semester, I can still remember the excitement I felt when I journaled about my last class. We had an abbreviated review of the components of the comprehensive plan that we had worked on the entire semester. I was proud of my new gained confidence. I never would have thought back in the beginning that I would be comfortable writing a financial plan for a couple. I still knew my limits actually providing financial advice alone to couples, having gained an understanding of the complexities of planning. However, I know now that if I was sitting in a financial therapy session, that I would recognize the red flags that can arise in a couple's financial story, and I can better collaborate with a planner or refer clients to an appropriate one in their area.

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DOI: 10.4148/jft.v4i1.1763

This new knowledge created an awareness that changed how I behaved in my clinical practice. On the very morning of the last class, I had a relational financial session and I realized that I was paying attention during the financial information gathering. When I first began conducting financial therapy, I often stopped paying attention when the financial planner was talking to the client(s). Initially, I saw the gathering of information as the planner's territory, but on this particular morning, I listened to their financial story and understood their issues and problems in a new light. I now realize that even though I was in the room with a planner during financial therapy sessions, we really were not working collaboratively. Instead, we were still working parallel to one another. Therapists do not need to know everything I learned in this course (i.e., tax laws, probate issues, etc.), but requiring a class on the "red flags" of financial distress would be incredibly beneficial to all therapists. After all, even if therapists are not doing financial therapy, financial issues will often arise in the therapy room (Aniol & Snyder, 1997; Miller et al., 2003). It is even more important for therapists that are interested in financial therapy because therapists need to begin understanding financial planning so that we can unite our fields. I am not the first to recognize the need for more than a superficial understanding of the disciplines. Falconier and Epstein (2011) called for financial planners and therapists to take sufficient time to understand each other's approaches in order to not practice outside of their scope of competence. I pushed this boundary through doing financial therapy without much competence in finances because I relied so heavily on the planners I worked with.

I believe that my professional development in financial planning has helped my clinical clients tremendously because it has allowed me to make referrals more efficiently, be present during financial therapy, and be less avoidant of money topics. Despard and Chowa (2011) interviewed social workers and found that they too wanted to gain personal finance knowledge and skills to better help clients with financial concerns, determine how personal finance is related to emotions, mental health, and relationships, and learn more about personal finance for themselves. I believe that I was able to learn a substantial amount about how to help my clients and myself with financial concerns and practices in this course. I am also planning to take a second course (i.e., the course I was originally supposed to take), which will focus more on how personal finance relates to emotions, mental health, and relationships. I have heard people say that it is unrealistic to expect family therapists and financial planners to take additional courses to conduct financial therapy. However, I believe it is possible to add six hours of coursework to most mental health training curriculums without prolonging graduation.

Theme 4: What Can Financial Planners Learn from the Clinical Disciplines?

It is important for financial planners to be able to attend to more than just money in their planning sessions. Approximately 30% of couples who seek financial counseling also have relationship problems (Gable, Britt, & Cantrell, 2007) and 25% of planners' contact with clients is devoted to non-financial issues (Dubofsky & Sussman, 2007). However, financial planners often have very little training in how to help clients with the emotional and relational factors associated with finances and destructive financial behaviors (e.g., compulsive buying or gambling) (Klontz, Kahler, & Klontz, 2008; Archuleta & Grable,

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DOI: 10.4148/jft.v4i1.1763

2010). The financial planning students in my class seemed to intuitively recognize the emotional and relational factors and demonstrated a clear desire to learn ways to effectively aid clients and encourage a change in behavior when needed.

My classmates and I were lucky because our lecturer was very interested in the aspect of goal planning within the financial planning process. For instance, she executed a role-play of what it looked like to be a bad planner versus a good planner. I thought it was remarkable how much time she spent getting to know the clients and listening to their wishes, dreams, and aspirations. She demonstrated many of the skills that beginning family therapists learn, such as joining, reflective listening, and empathy. Attention was given to creating a safe space for clients to share their thoughts and feelings with her. Through learning more therapy techniques and strategies around joining, empathy, tracking, and active listening, planners could be more effective in their approaches.

The instructor's role-play also was interesting for me because the planner in the role play did not actually tell the clients to just stop spending money, instead she showed them how their money was being spent and asked them if that was congruent with their goals. The choice of the planner to *not* tell the clients what to do with their money reminded me of Code 1.8 in the American Association of Marriage and Family Therapy Code of Ethics, which requires that therapists "respect the rights of clients to make decisions and help them to understand the consequences of these decisions" (American Association for Marriage and Family Therapy, 2001). The planner in the role-play eventually showed the clients different action steps that they could take to improve their financial situation, but it was much more of a collaborative process than I had originally anticipated.

This class helped me to consider how difficult it is for planners not to make assumptions about what their clients should do with their money and how little practice students have in understanding their overt biases and assumptions. This is true for the therapy field as well. In most training programs, there is an expectation that therapists "examine how issues (e.g., past and current family roles, unresolved interpersonal conflicts, and coping styles) influence the course and outcomes of therapy and supervision" (Todd & Storm, 1997, p. 206). When we hold covert assumptions and beliefs in the therapy room unconsciously, without acknowledging their existence they may affect our interventions. Aponte (1982) created the "person-of-the-therapist model" for training clinicians in the use of their selves in therapy. The goal was to create an ability to be able to manage assumptions, beliefs, and experiences in a way that transference did not occur. A "person of the financial planner" course may help beginner planners understand when they are triggered to make recommendations based on their own beliefs rather than their client's desires (e.g., the client has substantial wealth, but does not plan to leave an inheritance and the practitioner believes that is greedy and selfish). This course could help financial planners learn how to make their covert assumptions, beliefs, and experiences more manageable.

Another component of the family therapy curriculum that could be incredibly helpful for financial planners is our "mechanisms of change" course. This class focuses on

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DOI: 10.4148/jft.v4i1.1763

introducing models of change, factors related to change, and interventions related to change. The class introduces a new way of looking at client resistance. For instance, when a client is not following through with a planner's suggestions, the goals may not be achievable (e.g., too big, too difficult, etc.) or the goals may be imposed by the practitioner, rather than the client (i.e., client-centered). Resistance to change is not solely found in the therapy room, it is also present in the planning process. For example, during class a large debate broke out amongst students about what to do if clients do not make changes that are suggested. Half of the class felt like reiteration was the "right" thing to do, while the other half of the class felt like there must be an underlying reason for them to not listen to the recommendations. A course like "mechanisms of change" would provide new insights and interventions for financial planning students in their future practice and give new clarity to this debate.

Finally, as a therapist I believe that financial planners would find a lot of practical use in learning more about systems theory. Systems theory was the first theory that did not focus on the elements of a system in isolation, but rather the interrelations of the elements (Sameroff, 1994). In terms of couples and families, systems theory believes that one cannot separate an individual family member from the context of the family and environment. Families have rules, boundaries, hierarchies, and patterns that control individuals' actions (Minuchin, 1985). An understanding of systems theory positively affects my work as a family therapist because it allows me to reconsider dysfunctional behaviors from the perspective of patterns of behavior. Instead of simply trying to get a person to stop a behavior, I try to help change a pattern. For instance, if a financial planner meets with a couple where the husband overspends, their response may be simply to tell him to stop spending so much. However, from a systemic perspective they may see that the husband's behaviors are tied into family of origin issues and couple power dynamics (e.g., perhaps he feels powerless in other ways).

Addressing the relational power dynamics around money may be a more useful strategy than simply addressing the overspending. I suspect that even one or two classes focused on individual, couple, and family dynamics may increase a planner's effectiveness in their practice. Furthermore, if relationships were created between the faculty in both disciplines, professors would not hesitate to give permission for cross-discipline attendance by students.

DISCUSSION

At the beginning of this autoethnography, I stated that I wanted to explore the phenomenon that can occur as a family therapist seeks to become a financial therapist. I assessed my experiences using three research questions:

1. How would taking a financial course influence my clinical work?
2. How would taking a financial course influence my relationship with money?

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DOI: 10.4148/jft.v4i1.1763

3. What courses would be helpful to planners and therapists who want to be trained in financial therapy or what courses would be needed to create a "financial therapy degree?"

The next section presents how my study addressed these three questions.

Influences on my Clinical Work

I am incredibly thankful for the opportunities I have found at the University of Georgia. Few schools provide therapists the option to be trained in financial therapy. Even fewer programs provide therapists with the option to work alongside financial planners. My journey to becoming a financial therapist is not over. I plan to continue expanding my financial knowledge through courses, trainings, and conferences. I still have moments of insecurity of what to do in financial situations, but my practice has changed so much since I began this journey. The most striking example of how my clinical practice has changed since taking this course happened on the morning of the last day of class.

As noted previously, I conducted a relational financial session and I realized that I was now attentive and responsive during the financial information intake. I realized that my previous relational financial sessions were not collaborative sessions, but rather parallel sessions. While my theoretical approach has not changed, I am more present in the therapy room and working closer with the financial planners to systemically address emotions, relational issues, and finances in the therapy room. I cannot respond to all of the financial questions, but that is what makes the team approach so valuable in financial therapy. The financial planners have more skills and knowledge in financial decisions, while I bring to the process knowledge of human behavior from a systemic perspective. This balance of skills is where the need for financial therapy is evident, as we support each other's strengths and weaknesses. I hope this autoethnography encourages other therapists to begin their journey into the burgeoning field of financial therapy, and encourages training programs to incorporate financial therapy into their curriculums.

During the class, the 2011 Financial Therapy Association annual conference occurred at my university. At the conference, another attendee asked me if I thought that a financial therapist could be just one person. My response was, "I do not think so!" In fact, it would be unethical for me to do financial therapy without a financial planner because I currently do not have enough specialized education in finances (yet). The American Association of Marriage and Family Therapy (2001) Code of Ethics includes code number 3.11, stating "marriage and family therapists do not diagnose, treat, or advise on problems outside the recognized boundaries of their competencies." The practice of financial therapy needs to be collaborative between a financial planner and a therapist because we bring a different set of skills to the table for our clients. The only caveat to this statement is if someone has training in both areas. The amount of training needed to meet ethical and professional guidelines is unclear at this time and should be a focus of future research.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

Impact on My Own Relationship with Money

I began this journey as a money avoider and I still do not enjoy thinking about my finances or talking about money with others, but now I have hope. I no longer view money as an obstacle to overcome, I see it as a tool for goal attainment. My husband and I have our money conversations focused on (a) how we are going to buy our first home together, (b) how we are going to afford to raise or children, and (c) what we need in place to travel to the places we always dream of together. This reframe had positive effects in the therapy room as well. Before, I assumed that my clients all felt the same anxiety I had around money. Therefore, I would wait until *they* brought up money in session. I now ask about their financial well-being in the early assessment period because I know it is another tool that can be used to make my client's life easier.

Courses Needed

Maton, Maton, and Martin (2010) share my own view that there is a need for some common body of knowledge that is shared, but that planners and therapists each excel at some—but not all—of the skills. Each will have areas of experience and expertise in different aspects of the integrated planning process. The relationship between finances and negative mental health outcomes has shown the need for therapists to increase their training in areas of personal and family finance (Aniol & Snyder, 1997; Miller et al., 2003). However, Durband, Britt, and Grable (2010) found that few marriage and family therapy programs offered courses in the area of financial competency and none required a personal/family finance course. Therapists would benefit from the ability to assess financial difficulties in couples because it is such a prominent problem in relationships. Therapists need to assess (a) if the couple has experienced a financial crisis (e.g., bankruptcy), (b) poor money behaviors (e.g., not having a budget), or (c) simply an inability to talk about money (e.g., different money scripts, values, and beliefs). Also, my hope is that this manuscript encourages financial programs to consider incorporating the courses I described earlier. My hope is that one day our field actually develops training programs that will teach skills that are both financial and therapeutic to a generation of financial therapists.

For the time being, I strongly recommend that practitioners interested in becoming financial therapists seek education in both disciplines. It is not enough to take a few continuing education courses. Find a way to actually take two to three courses at a local university or online. I have no doubt that the financial growth I experienced will be similar for other family therapists, and I believe that financial planners will experience new mechanisms of change for their clients and themselves as well. Furthermore, practicing financial therapy without training in both disciplines could put practitioners at risk for a lawsuit due to practicing outside of their scope of competence. If a professional is not adequately trained, conjoint therapy with a practitioner from the other discipline may be the only ethical choice.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

LIMITATIONS

Like other research, limitations exist in this study. Although journal reflections and detailed field notes were kept, the full lived experience of the class and time with students included much more than what was documented. There are nuances and memories of the experience still shaping me that I have not fully appreciated yet. Second, from the perspective of other research approaches, there is not a single prescribed methodological approach for conducting an autoethnographic study (McIlveen, Beccaria, du Preez, & Patton, 2010), which can be seen as a limitation. For an autoethnography, this is a strength that allows for individual accommodation to the situation. Also, to minimize the impact of this limitation, my mentor and I met on a regular basis for dialogue around the results. The mentor aided the analysis process through questioning, offering counter explanations, and generally challenging me to carefully and reflectively examine her ideas. As an experienced qualitative researcher, the mentor helped uncover any potential blind spots or assumptions that I may have held that needed to be critically unpacked. Third, the data was collected from a financial course that was taken without the suggested prerequisites. Therefore, the difficulty of the class itself could have been a confounding variable that could be a distraction from the experience of taking such a financial course. Many of my frustrations, polarized thoughts, and anxieties could be derived from simply feeling inadequate within the setting. It is my belief that the intensity of the course simply magnified the experiences that would have been present regardless, yet it is important to note this limitation.

The findings of this study are not intended to be generalizable to all financial therapists. We acknowledge that this study is the subjective portrayal of one experience. As such, others entering the world of financial training, from marriage and family therapy or other disciplines, may not hold the same assumptions, biases, or money scripts. Finally, because the definition of financial therapy is still not well-defined, learners may take different paths to financial therapy education and achieve different outcomes. Regardless of how financial therapy is operationally defined by each of us, the field needs to start talking about what it is, how to develop and receive training, and how to implement it in practice.

CONCLUSIONS

After I completed this autoethnography, I enrolled in a second financial course, "Family Financial Counseling." As I acquired more skills and knowledge, I found my perspective on the field of financial therapy continuing to change. When I initially began developing this study, I felt sure that I would never have the time to dedicate to learning the financial skills and knowledge that would allow me to conduct financial therapy without a planner. Yet, my second financial course provided tangible interventions that I began to utilize in sessions without a planner (e.g., ways to increase credit score, ways to decrease minimum payments, ways to consolidate debt). This led me to start questioning my assumptions about the ethical boundaries around financial therapy are. For example, I have asked myself: (a) what areas of finances are inappropriate for me to discuss with clients; (b) are there times when I come close to combining the skills from both disciplines

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

in my work; and (c) how will I know if I am doing financial therapy? The more I learn about and experience financial therapy, the more it seems that I encounter questions about what financial therapy could look like. These questions do not make me want to give up on pursuing the integration of finances into my therapy work. After all, the research supports financial therapy helping individuals, couples, and families (Maton, Maton, & Martin, 2010; Falconier & Epstein, 2011). On the contrary, these questions should encourage us to more clearly define financial therapy to ensure we are practicing it appropriately and ethically (Gale, Goetz, & Britt, 2012). My hope is that this autoethnography spurs others to utilize qualitative methods to carefully and rigorously analyze their experiences in becoming financial therapists.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

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ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1763

Financial Ratios and Perceived Household Financial Satisfaction

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This paper tests the relative association of three objective measures of financial health (using the solvency, liquidity, and investment asset ratio) against a household's subjective feeling of current financial satisfaction. Utilizing a financial satisfaction framework developed by Joo and Grable and a sample of 6,923 respondents in the 2008 Health and Retirement Study, this paper presents evidence of two main findings: (a) the solvency ratio is most strongly associated with financial satisfaction levels based on a cross-sectional design and (b) changes in the investment asset ratio are most strongly associated with changes in financial satisfaction over time.

Keywords: HR; financial satisfaction; ratios; financial therapy; financial planning; financial counseling

INTRODUCTION

Financial therapy is the integration of cognitive, emotional, behavioral, relational, and economic aspects of financial health (Financial Therapy Association, 2013). Therefore, financial therapy encompasses the intersection of both finances and emotions (Lauderdale & Huston, 2012). This study explores this connection by using financial ratios as objective measures of financial health and compares it to the level of satisfaction a person feels about their financial situation. Financial satisfaction includes being content with one's material (objective) and non-material (subjective) financial situation (Joo & Grable, 2004). How a person manages his or her personal finances has been shown to be a major influence contributing to satisfaction or dissatisfaction with a person's financial situation (Porter & Garman, 1993).

Why should we care about financial satisfaction? Hansen (2009) showed that higher financial satisfaction is related to positive emotional outcomes. Positive emotions can broaden an individual's attention and thinking. When experiencing positive emotions,

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

consumers are more likely to be creative, flexible, and open-minded. Also, positive emotions can alleviate or eliminate negative emotions and strain experienced at a physiological level (Hansen, 2009). Thus, it is important to gain knowledge about the factors that can impact financial satisfaction for a household. In addition to these ancillary benefits, financial satisfaction is often itself a core goal for financial therapy clients. Therapists who ignore clients' subjective feelings of financial dissatisfaction may be less successful at addressing the core needs of their clients.

Utilizing a financial satisfaction framework developed by Joo and Grable (2004) and data from the 2008 psychosocial leave-behind questionnaire of the Health and Retirement Study (HRS), the main purpose of this study was to compare three financial ratios (the solvency, liquidity, and investment asset ratios) to determine which ratio has an association when a respondent believes he or she is financially satisfied. Therefore, the following research question was investigated: "What household financial ratio (solvency, liquidity, or investment asset) is associated with a person's level of financial satisfaction?" Previous studies on subjective financial satisfaction have been conducted with small samples, making it difficult to generalize the findings to the population as a whole (Fitzsimmons & Leach, 1994; Parrotta & Johnson, 1998; Titus, Fanslow, & Hira, 1989). One benefit of the current study is that it used a larger sample size than had been available in prior studies of financial satisfaction. However, one potential limitation, as discussed later, is that the financial satisfaction measure is comprised of a single-item.

LITERATURE REVIEW

Financial Ratios as a Measurement of Financial Strain

Prior research has identified several financial ratio guidelines that are useful in identifying household financial health issues, such as liquidity problems and insolvency (Baek & DeVaney, 2004; Chang, Hanna, & Fan, 1997; DeVaney, 1994; DeVaney & Lytton, 1995; Lyons & Yilmazer, 2005). Since each ratio could capture a different aspect of the financial circumstances of the household, a single ratio may not be comprehensive enough to accurately capture the magnitude to which households are having financial problems (Baek & DeVaney, 2004; Lyons & Yilmazer, 2005). Financial ratios could be used to assess a household's ability to avoid major debt (solvency ratio), maintain adequate cash reserves for emergencies (liquidity ratio), and show the accumulation of assets towards financial goals (investment assets ratio).

The current study followed Kim and Lyons (2008) in constructing three financial ratios that measure financial strain: (a) a solvency ratio (total assets/total debts), (b) a liquidity ratio (liquid assets/monthly income), and (c) an investment assets ratio (investment assets/net worth). It should also be noted that the calculation of other ratios for this study was not permitted due to data limitations in the HRS. Similar to Kim and Lyons (2008), financial strain as proxied by the three aforementioned ratios were defined as an objective measurement of financial status for this study.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

A solvency ratio of less than 1.0 has previously been used to identify respondents who were financially strained (Kim & Lyons, 2008). This ratio identifies respondents who are highly leveraged and are close to being insolvent. These households could face an array of financial issues since their liabilities exceed their assets. As consumers move through the life cycle, the solvency ratio should typically be lower in early adulthood because borrowing may take place to fund current consumption. Later, the ratio would typically increase with time, as income and assets increase while households save for retirement when assets are then drawn down to fund consumption (Ando & Modigliani, 1963).

A liquidity ratio of less than 2.5 has previously been used to identify respondents who are financially strained (Kim & Lyons, 2008). This level indicates that a household has sufficient liquid assets to cover about 2.5 months of living expenses after a total loss of income, as might result from illness, disability, or unemployment. Financial planners often recommend that individuals set aside an emergency fund with liquid savings worth about two to six months of living expenses (DeVaney, 1997). The amount varies due to individual household characteristics like the number of earners in the family, the availability of credit, and the stability of employment among family members in their current job (Prather, 1990). Adequate liquidity allows households to pay their bills on time and protects households in case an emergency arises. Greninger et al. (1996) suggested that a 2.5 month buffer was an appropriate amount to set aside in the event of job loss.

The investment assets ratio of less than 0.25 has previously been used to identify respondents who are financially strained (Kim & Lyons, 2008). This level identifies individuals who have less than 25 percent of their net worth in investment assets. According to Baek and DeVaney (2004), individuals in the earlier stages of the life cycle often have an investment asset ratio of less than 20 percent. However, as individuals advance through the life cycle, it is recommended that they maintain an investment asset ratio of at least 25 percent (DeVaney, 1997; Lytton, Garman, & Porter, 1991). The investment asset ratio may be an indicator of how well an older individual has met his or her accumulated savings goals (Baek & DeVaney, 2004).

History of Ratios

Greninger et al. (1996) reported that financial ratios have been used in the business world for the last 50 years. For example, ratios are commonly employed by financial lenders to manage risk exposure through the use of debt ratios in credit scoring models (DeVaney & Lytton, 1995). The use of ratios to assess the economic situation of families has been studied in the academic literature since at least 1985, with the solvency, liquidity, and investment asset ratios being among the most commonly used, as outlined below.

Griffith (1985) published a model highlighting 16 ratios that could be used to evaluate a household's current financial situation. Prather (1990) attempted to establish norms for the 16 ratios and concluded that five ratios (liquidity ratio, current ratio, debt coverage ratio, debt service ratio, and the inflationary hedge ratio) were the most useful. Iwuagwu (1989) further tested the five best ratios and found that the liquidity ratio was

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

one of two ratios (the other being liquid assets/consumer debt) positively correlated with financial security. Financial security was a subjective measure based on a question that asked how secure a household perceived themselves to be financially. Lytton, Garman, and Porter (1991) proposed nine ratios including the liquidity, solvency, and investment asset ratios for financial planners and counselors to use. DeVaney (1993) used the nine ratios proposed by Lytton et al. (1991) to examine which ratio best predicted household insolvency, using the 1983 and 1986 waves of the Survey of Consumer Finances (SCF). The liquidity ratio was the best predictor of insolvency using logistic regression, and the solvency ratio was the best predictor using a classification tree. The solvency and liquidity ratios were both significant predictors of insolvency in the logistic regression. Not meeting the liquidity and solvency ratio guidelines increased the odds of being insolvent by five and three times, respectively, using the 1983 levels to predict insolvency in the 1986 survey.

Socio-Economic Variables

Researchers have also reported that a number of socio-economic characteristics appear to influence financial satisfaction. Several studies noted a positive direct relationship between income and financial satisfaction (Campbell, Converse, & Rogers, 1976; Hira & Mugenda, 1998; Lown & Ju, 1992; Parrotta & Johnson, 1998; Titus et al., 1989; Sumarwan & Hira, 1993; Zurlo, 2009). Others have also found a positive direct relationship between net worth and financial satisfaction (Mugenda, Hira, & Fanslow, 1990; Sumarwan & Hira, 1993).

Being older had a positive direct effect on financial satisfaction (Hira & Mugenda, 1998; Lown & Ju, 1992; Sumarwan & Hira, 1993; Titus et al., 1989). Having more education also produced a positive direct result on financial satisfaction (Hira & Mugenda, 1998; Lown & Ju, 1992; Zurlo, 2009). Although living with a partner or being married produced a positive effect on financial satisfaction in some studies (Campbell et al., 1976; Hira & Mugenda, 1998; Mugenda et al., 1990; Zurlo, 2009), Lown and Ju (1992) nor Joo and Grable (2004) found a significant relationship between marital status and financial satisfaction.

Mugenda et al. (1990) found that being female had a positive relationship with financial satisfaction but several studies (Joo & Grable, 2004; Lown & Ju, 1992; Sumarwan & Hira, 1993) found no significant effect for gender. Zurlo (2009) identified a positive relationship between being White and financial satisfaction, but Joo and Grable (2004) found no association with race. The presence of children in the household was negatively related to financial satisfaction (Joo & Grable, 2004). Zurlo (2009) illustrated that better self-reported health had a positive relationship with financial satisfaction. In different studies, current employment had either a positive (Campbell et al., 1976; Zurlo, 2009) or negative (Sumarwan & Hira, 1993) relationship with financial satisfaction.

Regarding the relationship between socio-economic variables and financial ratios, Joo and Grable (2004) found that higher levels of household income and homeownership led to a higher solvency ratio, while households with children were less likely to be financially solvent. DeVaney and Hanna (1994) found that age and income had a negative

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

relationship with insolvency, but being married had a positive impact. Education and race were not significant predictors of insolvency.

In a test of the liquidity and investment assets ratios, Baek and DeVaney (2004) found that having more education increased the likelihood of a household meeting the liquidity threshold (i.e., those with a liquidity ratio of 2.5 or higher), but earning more decreased the odds. Having more education, being employed, and earning more money increased the odds of meeting the investment assets ratio. Using a sample size of 365 in testing the liquidity ratio from the Wisconsin Basic Needs Survey, Iwuagwu (1989) found that income and homeownership had a positive effect on financial security. Lyons and Yilmazer (2005) used the solvency (total assets/total debts) and liquidity ratio (liquid assets/income) as measures of financial strain (i.e., those with a solvency ratio below 1.0 and a liquidity ratio less than .25). They found that financially strained households were more likely to be younger, female, Black, and single, have children, report lower levels of income and net worth, and have poor health.

Kim and Lyons (2008) used the solvency, liquidity, and investment assets ratio as objective measurements of financial strain (i.e., those with a solvency ratio below 1.0, a liquidity ratio less than 2.5, and an investment asset ratio below .25). For the entire sample, 5% of respondents reported a solvency ratio of below 1.0, 50% reported a liquidity ratio of less than 2.5, and 52% had an investment asset ratio of less than .25. Respondents who were financially strained were more likely to report lower levels of income and net worth, more likely to be Black or Hispanic, and to have less education, and less likely to be married, and own a home.

Bieker (2011) examined differences in financial status between Black and White households with data from the 2001 SCF, using ratios as a proxy for financial status with respect to liquidity, debt burden, solvency, and capital accumulation. The study found that for the liquidity ratio (liquid assets/monthly income), solvency ratio (total liabilities/total assets) and the investment asset ratio (investment assets/net worth) there was a statistically significant difference between Black and White households for each ratio, with more White households meeting the prescribed benchmarks as set forth above by Kim and Lyons (2008).

Financial Satisfaction

Two studies of financial satisfaction in the psychology literature included different measures of assets and liabilities. Hansen, Slagsvold, and Moum (2008) used income, property assets, financial assets, and debt in their regression. Income alone explained 14% and 7%, respectively, of the variance in financial satisfaction among men and women using the same measure of financial satisfaction in the current study. By adding the two asset measures and debt, the amount of explained variance in financial satisfaction increased from 14% to 25% among men and 7% to 29% among women. This study also found that property and financial assets had a positive association with financial satisfaction, but debt had a negative impact on financial satisfaction. Plagnol (2011) also showed that income

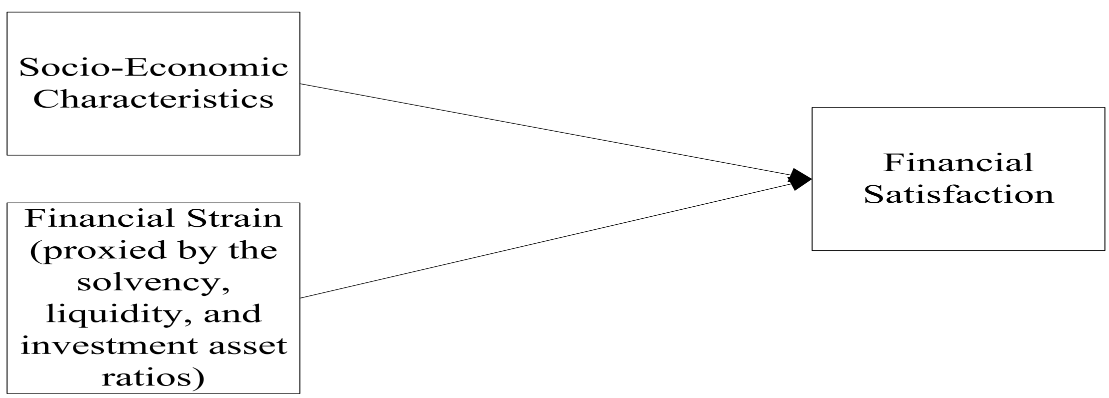
ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

and assets had a positive impact on financial satisfaction, while carrying debt led to a decline in financial satisfaction. In Plagnol's (2011) fixed effects model, higher income, financial assets, and tangible assets were associated with increases in financial satisfaction and consumers with credit card, mortgage, and other types of debt had a negative impact.

THEORY

A condensed version of Joo and Grable's (2004) Framework for Financial Satisfaction will serve as the main theoretical model for the current study. The previous literature on financial satisfaction has shown that socioeconomic variables, and objective measures (ratios) may have an impact on one's financial satisfaction. The Joo and Grable framework shows that socio-economic characteristics such as age, education, income, race, homeownership, number of children, marital status, and gender directly affect financial satisfaction. Financial strain, as measured using ratios, has also been shown to have direct effects on financial satisfaction. Therefore, it seems reasonable to hypothesize that both socio-economic characteristics and financial strain may have a direct impact on financial satisfaction. Based on these hypothesized relationships, the determinants of financial satisfaction can be more fully identified in the framework presented below in Figure 1.

Figure 1. Determinants of financial satisfaction



In this framework, it is predicted that one's overall financial satisfaction level can be impacted by current financial situation (Joo and Grable, 2004). Specifically, individuals who have acceptable financial ratios tend to be less strained with their financial situation. This lowered level of strain should have a positive impact on the financial satisfaction level of the person (Joo & Grable, 2004). Alternatively, individuals that do not have acceptable financial ratios tend to be more strained with their current financial situation. The increased strain can negatively impact financial satisfaction level.

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DOI: 10.4148/jft.v4i1.1839

METHODS

Data

The analysis of the research question uses the HRS, a nationally representative panel study of Americans age 50 and older. The HRS provides in-depth information on the financial position of older households, allowing for the construction of a series of financial ratios. In the HRS, questions on demographics, income and wealth, family structure, health, and employment were included in each core interview section. Beginning in 2004, the HRS added a new feature in the form of a self-administered questionnaire, which was left with respondents upon the completion of an in-person core interview. The Psychosocial Leave-Behind Participant Lifestyle Questionnaire measures psychosocial issues, such as social support, sense of control, and financial strain. The questionnaires from the 2004 and 2008 surveys were used in the current study.

The 2008 wave of the HRS consists of 17,217 respondents. The sample is comprised of respondents who answered a question concerning how satisfied they were with their current financial situation. This question was part of the leave-behind questionnaire of which only 6,923 people answered. Answers to the 2008 financial satisfaction question were compared against the respondents' answer from 2004, in which the same financial satisfaction question was asked. The total number of respondents answering both questions produced a total sample size of 839, as seen in Table 4 and discussed in detail later.

In the HRS, the person most knowledgeable about financial matters within the household (financial respondent) stated the value of all assets, debts, and total income for the entire household. The financial respondent variables included: (a) all three ratios, (b) household income, and (c) total household wealth. Individual respondent variables included: (a) the respondent's age, (b) gender, (c) race, (d) marital status, (e) educational level, (f) homeowner status, (g) whether or not they have children (i.e., "Do you have any children?"), (h) employment status, and (i) health status. It is important to note that a spouse or partner of the individual respondent could have a different gender, race, educational level, working status, not have children, and have better or worse health. The financial respondent and the individual respondent could be the same person, but this was not always the case. For the financial satisfaction question in the leave-behind questionnaire, 78 of the 6,923 total responses were answered by someone other than the assigned respondent in the household.

Dependent Variable

Financial satisfaction was the dependent variable in this study and was measured with a 5-point Likert-type item found in the leave-behind questionnaire: "How satisfied are you with your family's current financial situation?" The responses were: 5=*completely satisfied*, 4=*very satisfied*, 3=*somewhat satisfied*, 2=*not very satisfied*, 1=*not at all satisfied*.

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DOI: 10.4148/jft.v4i1.1839

Independent Variables

Financial ratios*.* Whereas previous research focused on proposed "ideal" ratio levels within each proposed measurement, the current analysis attempted to compare different ratio measurements. One challenge with such comparisons was that different ratios are likely to be on different scales and have different distributions across any sample. These differing distributions of ratio numbers within the sample could skew results from traditional measurements of the quality of the ratio as a predictor of an outcome, regardless of the importance of the underlying factors measured by each ratio. As such, it is important to develop a commonly-shared, universal measurement for each ratio that allows a clean comparison of the underlying factors.

This study created a universal scale for each ratio by ranking respondent scores on each ratio by decile. Thus, each ratio, regardless of its distribution of underlying ratio numbers, was flattened into identical ten unit segments. For purposes of the regression analysis, each ratio was broken out into deciles so that a proper comparison between ratios could be made. This approach converted the ratios into decile scores to form a 1-10 score on each one, with the top 10% of the sample getting a 10, the next highest 10% getting a 9, and so forth. Table 1 shows the full decile distribution for each of the ten deciles for each of the ratios used. For example, a household with a solvency ratio of 1.40 would be in the second decile and be assigned a score of two.

Table 1
Ranges for each decile

Decile	*Solvency Ratio (Ranges)*	*Liquidity Ratio (Ranges)*	*Investment Asset Ratio (Ranges)*
1st	Less than 1.39	Zero	Zero
2nd	1.39 to 02.77	.000 to .119	Zero
3rd	2.77 to 05.72	.119 to .389	Zero
4th	5.72 to 15	.389 to .822	.0000 to .0707
5th	15 to 117	.822 to 1.504	.0707 to .2208
6th	117 to 15,000	1.504 to 2.603	.2208 to .3984
7th	15,000 to 140,000	2.603 to 4.403	.3984 to .5392
8th	140,000 to 360,700	4.403 to 8.315	.5392 to .6756
9th	360,700 to 765,000	8.315 to 18.630	.6756 to .8139
10th	Greater than 765,000	> 18.630	> .8139

A value of one was added to any zero values for monthly income, total debts, and net worth to enable the calculation of a ratio. Total assets were defined as the sum of financial assets (checking accounts, savings accounts, money market funds, certificates of deposit, mutual funds, stocks, bonds, and individual retirement accounts) and nonfinancial assets (real property). Total debts were all debts including mortgage debt. Liquid assets include checking accounts, savings accounts, and money market funds. For the purpose of this study, investment assets included stocks, bonds, certificates of deposit, individual retirement accounts, real estate, and business or farm equity, but not the primary residence or vehicles. This definition followed the one used by Baek and DeVaney (2004). Net worth was defined as total assets minus total debts.

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DOI: 10.4148/jft.v4i1.1839

When testing financial ratios, it is also important to control for income and wealth. For example, Harness, Finke, and Chatterjee (2009) controlled for wealth and income when testing the hypothesis that gains in the investment asset ratio resulted in greater wealth accumulation. They found that the log of wealth had a negative relationship with the change in net worth, but the log of income had a positive impact on the change in wealth. DeVaney and Hanna (1994) found that income had a negative relationship when testing the solvency ratio.

Baek and DeVaney (2004) showed that when using the liquidity ratio guideline of greater than 2.5, households in the highest income quartile were 55% less likely to meet the 2.5 month guideline when compared to the lowest quartile. For the investment asset ratio, those households in the highest income quartile were seven times more likely to meet the investment asset ratio guideline of .25 when compared to the lowest quartile. Yao et al. (2003) also tested the investment asset ratio, but instead of breaking out income into quartiles, they used five categories with income less than $10,000 as the reference group. They found that having an income between $50,000 and $100,000 increased the odds by more than five times of at least meeting the .25 investment asset ratio guideline, compared to households that made $10,000 or less. Similarly, earning more than $100,000 increased the odds by over twenty times.

Kim and Lyons (2008) also controlled for income and wealth when using the solvency, liquidity, and investment asset ratio and noted that not meeting the investment guidelines used in the study was associated with lower levels of income and wealth for all three ratios. Moon, Yuh, and Hanna (2002) were able to calculate the inflection point on income when each ratio changed from positive to negative. Using a liquidity guideline of three months, they found that income had a positive effect on the liquidity ratio up to $50,966, but above this amount until $87,616, it had a negative effect. With the investment asset ratio guideline of .25, income had a positive effect until household income reached $87,016 and thereafter, it had a negative effect. For the solvency ratio guideline of 1.0, income up to $18,646 had a positive effect, but income of $18,647 to $74,585 caused the association to turn negative. Once household income was greater than $74,585, the relationship with the solvency ratio became positive again.

As noted above, the effects of income and wealth on each ratio are quite different and not controlling for them can introduce unobserved bias into the regression results. By including both wealth and income as independent variables, these variables are held constant to determine if a relationship exists between the ratios and financial satisfaction. Using the same ratios as the current study, Bieker (2011) tried to answer the following question using the 2001 SCF: *"Are financial ratios and a subjective measure of financial satisfaction independent of household wealth and income?"* Bieker's results suggested that the financial ratios and the subjective measure of financial satisfaction measured aspects of household satisfaction that were different from and independent of the level of household income and wealth. Therefore, they measured different aspects of financial satisfaction that were not captured in household wealth or income.

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While other research presented above has examined the separate components of the solvency ratio (i.e., total assets or total debts), Plagnol (2011) and Hansen et al. (2008) noted that assets had a positive effect on financial satisfaction, but debt had a negative impact. Wealth (total assets minus total debt) has been shown to have a positive impact on financial satisfaction (Mugenda, Hira, & Fanslow, 1990; Sumarwan & Hira, 1993). Including a separate control variable for net worth helps to prevent the possibility that a solvency ratio association with financial satisfaction might be simply reflecting an association of greater solvency with greater net worth and greater net worth with financial satisfaction. Without controlling for wealth, it would not be possible to determine whether or not this was driving an association between the solvency ratio and financial satisfaction.

Demographics. The following demographic characteristics were included as controls in the model and were consistently used in previous studies of financial satisfaction (see, Campbell, Converse, & Rogers, 1976; Hira & Mugenda, 1998; Joo & Grable, 2004; Lown & Ju, 1992; Mugenda, Hira, & Fanslow, 1990; Parrotta & Johnson, 1998; Sumarwan & Hira, 1993; Titus et al., 1989; Zurlo, 2009): age, gender, race/ethnicity, marital status, education, having children, current employment, health status, and homeownership.

Age was coded as a categorical variable with five groups: (a) respondents younger than 55 years old, (b) 55 to 64, (c) 65 to 74, (d) 75 to 84, and (e) 85 and older. Male respondents were coded as one female respondents were coded as zero. Race was separated into three categories: (a) White, (b) Black, and (c) Other. Respondents who were married or lived with a partner were compared against single respondents. Education was coded as a categorical variable with four groups: (a) less than a high school education, (b) high school graduate, (c) attended some college, and (d) college graduate. Having children was coded as one and not having any children was a zero. Respondents who were currently working were coded as one and respondents not working were a zero. Health status was ascertained at the individual level with the question: "*Would you say your health is excellent, very good, good, fair, or poor*?" Respondents who owned their home were compared against renters.

Analysis

Descriptive statistics were given for each level of financial satisfaction. Ordinary least squares (OLS) regression was used to see which financial ratio had the strongest association with financial satisfaction based on testing data from one survey year. Because OLS regression is not always appropriate for ordered categorical dependent variables, cumulative logistic regression was used as a robustness check. As in this study, Sanderson, Heckert, and Dubrow (2005) found that it was common to compare results under both methods but report the results from the OLS regression because both methods frequently found the same patterns of results, yet the OLS results were easier to interpret. Two additional robustness checks (i.e., Akaike Information Criteria (AIC) and F-Test) were also used to see which ratio had the best overall model fit with financial satisfaction.

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A fixed effects model was used to see which ratio was the best predictor of financial satisfaction based on testing data from two points in time. The change in the variables of interest (i.e., solvency ratio, liquidity ratio, investment assets ratio, health status, education, homeowner status, marital status, income, wealth, and work status) between 2004 and 2008 were compared against the change in financial satisfaction over this same time period. Age, race, and gender were not included as change variables because respondents would age similarly between the two waves and it was assumed that race and gender would not vary. The change variables were created by subtracting the 2004 value from the 2008 value.

RESULTS

Description of Sample

Table 2 presents sample statistics related to the two key variables—objective financial strain and subjective financial satisfaction. For the entire sample, 7% of respondents reported having a solvency ratio of less than one in 2008, 59% reported having a liquidity ratio of less than 2.5, and 52% reported having investment assets less than .25. At each higher level of financial satisfaction, each group exhibited a drop in the percentage of households that were financially strained in all ratios. Moving from the least satisfied to the most satisfied groups, the solvency ratio decreased from a high of 24% to a low of 3%, the liquidity ratio decreased from 85% to 44%, and the investment asset ratio decreased from 79% to 36%.

There was an increase in household income and net worth from those reporting the lowest level of financial satisfaction to those reporting the highest level of financial satisfaction. Median household income doubled from a low of around $22,000 for those reporting that they were not at all satisfied with their present financial situation, to almost $50,000 for those completely satisfied. Median household net worth increased by a factor of over 12 from $33,750 at the low end of financial satisfaction to almost $460,000 at the highest level of financial satisfaction.

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Table 2
Description of households

	Present Financial Satisfaction					
Variable	*All Responses Measurement*	*Not At All Satisfied Measurement*	*Not Very Satisfied Measurement*	*Somewhat Satisfied Measurement*	*Very Satisfied Measurement*	*Completely Satisfied Measurement*
	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)	Mean (Median)
Household Income	$ 63,202.56	$ 36,237.29	$ 49,350.99	$ 56,750.66	$ 71,557.44	$ 79,216.25
	$ (39,523.00)	$ (22,200.00)	$ (28,838.00)	$ (35,362.00)	$ (47,248.00)	$ (49,480.00)
Household Net Worth	$ 520,939.02	$ 112,330.80	$ 211,104.94	$ 328,984.15	$ 704,294.43	$ 897,922.42
	$(204,000.00)	$ (33,750.00)	$ (80,950.00)	$(141,000.00)	$(347,000.00)	$(459,000.00)
	Percent	Percent	Percent	Percent	Percent	Percent
Age						
Less than 55	06.37%	10.28%	12.11%	07.03%	04.63%	02.91%
55-64	26.60%	42.06%	35.54%	28.88%	23.94%	16.37%
65-74	37.25%	33.56%	34.08%	37.27%	39.37%	37.60%
75-84	22.06%	10.74%	14.57%	20.18%	22.85%	31.87%
85 and older	07.72%	03.36%	03.70%	06.64%	09.21%	11.25%
Gender						
Male	40.09%	33.11%	35.54%	40.53%	42.97%	40.70%
Female	59.91%	66.89%	64.46%	59.47%	57.03%	59.30%
Race						
White	84.00%	74.94%	76.57%	79.60%	90.13%	90.36%
Black	12.87%	20.36%	20.52%	16.84%	07.36%	06.74%
Other	03.13%	04.70%	02.91%	03.56%	02.51%	02.90%
Married or Living with Partner	65.00%	47.43%	59.75%	63.56%	70.12%	69.34%
Education						
Less than high school	22.99%	30.64%	29.04%	25.63%	18.32%	18.80%
High school diploma	33.99%	34.68%	31.39%	34.59%	33.48%	35.04%
Some college	21.51%	21.03%	25.22%	21.27%	21.37%	19.95%
College degree	21.51%	13.65%	14.35%	18.51%	26.83%	26.21%
*Health Status**						
Poor health	07.99%	24.16%	11.77%	07.96%	04.80%	04.85%
Fair health	20.77%	33.11%	30.38%	22.77%	16.30%	13.75%
Good health	32.41%	22.37%	34.53%	34.99%	32.61%	29.99%
Very good health	29.36%	14.54%	18.27%	27.91%	34.19%	36.73%
Excellent health	09.39%	05.82%	04.93%	06.29%	12.05%	14.62%
Have children	87.49%	86.13%	88.12%	87.82%	87.30%	87.26%
Currently working	30.29%	33.33%	36.21%	34.20%	29.50%	20.82%
Homeowner	72.27%	53.69%	64.01%	69.89%	78.57%	78.71%
Solvency Ratio < 1	06.94%	24.16%	10.43%	07.87%	02.84%	03.30%
Liquidity Ratio < 2.5	59.42%	85.01%	79.82%	65.32%	48.64%	43.73%
Investment Ratio < .25	52.29%	78.52%	71.41%	59.87%	40.19%	36.25%
*Variable is missing observations	N = 6,932	N = 447	N = 892	N = 2,275	N = 1,834	N = 1,484

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

People under age 65 represented 52% of those with the lowest level of financial satisfaction, but only 19% of those with the highest financial satisfaction. The percentage of respondents who were male increased from 33% for not at all financially satisfied to 41% for those who were completely financially satisfied. The percentage of respondents who were White increased from 75% for not at all financially satisfied to 91% for those who were completely satisfied. Blacks constituted 20% of respondents who were not at all financially satisfied, but only 7% of those who were completely satisfied. The percentage of respondents in the Other race category stayed consistent across all categories of financial satisfaction. Homeownership levels increased by 25 percentage points from the lowest level to the highest level of financial satisfaction.

Respondents who were currently married or live with a partner comprised 48% of those with the lowest level of financial satisfaction, but almost 70% of those with the highest level of financial satisfaction. The percentage of respondents having a high school diploma or attending some college stayed consistent across all categories of financial satisfaction. Respondents who did not graduate from high school represented 31% of those with low financial satisfaction, but only 19% of those with high financial satisfaction. The share of respondents with a college degree was twice as large for those reporting high satisfaction as compared with those with low satisfaction. The percentage of households having children stayed consistent across all categories of financial satisfaction. Respondents with poor health constituted 24% of those not at all financially satisfied, but only 5% of those who were completely financially satisfied. Conversely, those reporting excellent health comprised only 6% of those with low satisfaction, but were 15% of those with high financial satisfaction.

Regression Results

Table 3 presents OLS linear regression results from the 2008 HRS. Table 3 helps to present which financial ratio had the strongest association with financial satisfaction based on testing data from one survey year. In the first specification, all three ratios converted into decile scores were regressed on financial satisfaction with all the ratios being highly significant. Again, for purposes of the regression analysis, each ratio was broken out into deciles so that a proper comparison between ratios could be made because each ratio was on a different scale of measurement. The approach used in this study converted the ratios into decile scores to form a 1-10 score on each one. This put each ratio on the same scale and negated the need to compare specific values of each individual ratio.

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DOI: 10.4148/jft.v4i1.1839

Table 3
Results of linear regression

Variable	Coefficient (Standard Error) [R^2] (1)	Coefficient (Standard Error) [R^2] (2)
	N=5,719	*N=6,424*
Ratios		
Solvency Ratio	.08411 (.00581)***	.09038 (.00579) [23.49%]***
Liquidity Ratio	.04484 (.00577)***	.05959 (.00547) [20.83%]***
Investments Ratio	.02884 (.00525)***	.02998 (.00509) [19.80%]***
Independent Variables		
Age		
Less than 55	-.58295 (.06401)***	
55 to 64	-.46466 (.04030)***	
65 to 74	-.20878 (.03285)***	
Gender (Male)	-.03540 (.02756)	
Race (White)	.02919 (.03962)	
Married	.04250 (.03241)	
Education (Less than high school)	.04925 (.03479)	
Have Children	-.04716 (.04006)	
Homeowner	.07736 (.03844)*	
Income (Log)	.16404 (.01788)***	
Net Worth (Log)	.04521 (.01275)***	
Currently working	-.07167 (.03388)*	
Health Status (Poor)	-.38071 (.05285)***	
Ratios with full controls	[24.69%]	
Only Independent Variables	[19.37%]	

*p<.05; **p<.01; ***p<.001.
(1) All ratios with full controls.
(2) Results from regressions with only one ratio, controls not reported but includes full controls.

The first model factored in the total effect that all three ratios had on financial satisfaction because they were all included in the same regression, along with all the independent control variables. However, a change in the decile for the solvency ratio was associated with a larger magnitude of effect on financial satisfaction because it had a higher coefficient compared to the liquidity and investment assets ratio. As all three ratios had been converted to deciles, the coefficients indicated that increasing the solvency ratio by one decile was associated with a .08 increase in subjective financial satisfaction. This association was twice that of the impact of increasing the liquidity ratio by one decile, which yielded a coefficient of .04, and four times greater than increasing the investment asset ratio by one decile, with a coefficient of .02.

In the second specification, each ratio converted into a decile score was separately regressed on financial satisfaction with all the ratios being significant, but with the solvency ratio again producing the highest coefficient. This specification was included to examine the separate effect that each ratio had on financial satisfaction using all the independent control variables. The solvency ratio also explained the most variance in

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

financial satisfaction with an $R^2 = .23$. A higher variance explained reflects a better accuracy of the prediction. In comparison, the liquidity ratio model explained .21 of the variance in financial satisfaction whereas the investment asset ratio model explained .20.

The purpose of Table 4 was to see which ratio was the best predictor of financial satisfaction based on testing data from two points. In Table 4, the change in the variables of interest between 2004 and 2008 were compared against the change in financial satisfaction over this same time. A fixed effects model comparing two years was used in the current study. The longitudinal fixed effects design controls for all time-invariant personal characteristics of respondents, as it compared respondents to themselves at different times. Comparing three survey years was not possible because only two respondents answered the financial satisfaction question in all three waves and only twenty answered the same question between the 2006 and 2008 waves. Therefore, the current study compares the difference in 2008 results to 2004.

Table 4
Results of the change in financial satisfaction

Variable	Coefficient (Standard Error) [R^2] (1)	Coefficient (Standard Error) [R^2] (2)
	N=839	*N=839*
Ratios		
Change in Solvency Ratio from 2004 to 2008	.02443 (.01460)	.03031 (.01452) [16.30%]*
Change in Liquidity Ratio from 2004 to 2008	.00168 (.01167)	-.00399 (.01153) [15.87%]
Change in Investments Ratio from 2004 to 2008	.04217 (.01274)***	.04430 (.01243) [17.13%]***
Independent Variable Change from 2004 to 2008		
Change in health status from 2004 to 2008	-.08717 (.03333)**	
Change in education status from 2004 to 2008	.01146 (.01064)	
Change in homeowner status from 2004 to 2008	.03244 (.03672)	
Change in marital status from 2004 to 2008	-.03837 (.03354)	
Change in income status from 2004 to 2008	4.50749E-8 (4.207373E-7)	
Change in wealth status from 2004 to 2008	1.65856E-7 (6.856777E-8)*	
Change in work status from 2004 to 2008	-.03653 (.01947)	

*p<.05; **p<.01; ***p<.001.
(1) All ratios with full controls – Comparing 2004 to 2008 with 2004 results as the base year.
(2) Each individual ratio with full controls not reported – Comparing 2004 to 2008 with 2004 results as the base year.

Model one compared the change in all three ratios from 2004 to 2008 against the change in financial satisfaction during the same period of time. The first and second specification also included the change in seven independent variables (i.e., health status, education, homeowner status, marital status, income, wealth, and work status) from 2004 to 2008. The first measure included changes in the control variables and the change in all three ratios. The first model factored in the total effect that the change in each of the three ratios had on the change in financial satisfaction. The results indicated that the change in the investment asset ratio was significant. In the second specification, the change in each

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

ratio was separately regressed on the change in financial satisfaction with the solvency ratio and the investment asset ratio being significant. This specification was included to examine the separate effect that the change in each ratio had on the change in financial satisfaction, while controlling for changes in the control variables listed above. In order to make the amount of change consistent across ratios, each ratio was broken out into deciles. A one decile increase in the investment asset ratio between 2004 and 2008 was associated with a .04 increase in financial satisfaction whereas a one decile increase in the solvency ratio between 2004 and 2008 was one-half this amount at .02. This result was different from Table 3, where on a cross-sectional basis the solvency ratio described the most variance in financial satisfaction. The change in health status and wealth were the only significant independent variables in models one and two.

Because ordinary least squares regression is not always appropriate for ordered categorical dependent variables, cumulative logistic regression was used as a robustness check. The dependent variable used in this study was not actually numerical, which means that no assumption can be made regarding the scalar interval between rankings. This means that the categories of the dependent variable were not equidistant; therefore, moving from level 1 to 2 was not necessarily the same as going from level 4 to 5. Since the categories were not equidistant, this violated the assumption of parallel lines (Wang & Hanna, 2007). Cumulative logistic regression assumes that the logistic function is the same for all values of the independent variable and does not violate the assumption of parallel lines.

Each odds ratio can be interpreted as the effect of that variable on the odds of being in a higher rather than lower level of financial satisfaction. The results showed that a one decile increase in the solvency ratio increased the odds by 17% of increasing financial satisfaction, which was double the effect of that observed for a one decile increase for the liquidity ratio (8%) and the investment assets ratio (5%). Table 5 clearly showed that the solvency ratio had the strongest association with financial satisfaction.

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DOI: 10.4148/jft.v4i1.1839

Table 5
Results of cumulative logistic regression

Variable	Parameter estimate	P-Value	Odds Ratio
Ratios			
Solvency Ratio	0.1568	<.0001***	1.170
Liquidity Ratio	0.0787	<.0001***	1.082
Investments Ratio	0.0510	<.0001***	1.052
Independent Variables			
Age			
Less than 55	-1.0698	<.0001***	0.343
55 to 64	-0.8472	<.0001***	0.429
65 to 74	-0.4004	<.0001***	0.670
Gender (Male)	-0.0720	0.1642	
Race (White)	0.0781	0.2902	
Married	0.0543	0.3722	
Education (Less than high school)	0.0769	0.2374	
Have Children	-0.0955	0.2040	
Homeowner	0.1174	0.1034	
Income (Log)	0.3231	<.0001***	1.381
Net Worth (Log)	0.0958	<.0001***	1.101
Currently working	-0.1364	0.0313*	0.872
Health Status (Poor)	-0.6932	<.0001***	0.500

*p<.05; **p<.01; ***p<.001. N=6,424

Table 6 presents the results of two more robustness checks to test overall model fit. The primary approach used to test model fit was the AIC. This method is useful for comparing different models that contain different parameters to identify the best model given the data. AIC scores are based on information theory and rest on the assumption that the model with the smallest value is the best fit for the data (Gergel et al., 2004). Burnham and Anderson (1998) further assert that the bigger the difference in AIC scores between the best model and other competing models, the less likely the other models are to being acceptable. The results indicated that the solvency ratio model had the lowest AIC score and the gap between the other ratio models was not small. This confirms that the solvency ratio had the best overall model fit.

Table 6
Test of model fit

Model	AIC	R^2	F-test	p
Solvency Ratio with full controls	-108.5319	0.2260	413.35	<.0001
Liquidity Ratio with full controls	51.4352	0.2041	113.07	<.0001
Investment Asset Ratio with full controls	118.0690	0.1947	183.62	<.0001

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DOI: 10.4148/jft.v4i1.1839

A second robustness check presented in Table 6 was an F-Test. The F-Ratio tests the overall fit of a regression model to a set of observed data. The predicted main effect of the solvency ratio was significant, $F(1, 6224) = 413.35$, $p = <.0001$. The liquidity ratio was also significant, $F(1, 6224) = 113.07$, $p = <.0001$. Finally, the investment asset ratio was also significant, $F(1, 6224) = 183.62$, $p = <.0001$. The solvency ratio produced the largest F-Value. This test also showed that the solvency ratio had the best model fit for the data.

DISCUSSION

The results from this study present evidence of two main findings: (a) the solvency ratio is most strongly associated with financial satisfaction levels based on a cross-sectional design and (b) changes in the investment asset ratio are most strongly associated with changes in financial satisfaction over time. As the Joo and Grable (2004) framework would predict, financial strain as proxied by financial ratios, has a direct impact on financial satisfaction. The first finding also confirms past academic studies, where on a cross-sectional basis, debt was found to have a negative impact on financial satisfaction. This impact of debt is separate from the simple benefit of changes in net worth, as net worth was explicitly controlled for in several of the models. In addition, the current findings extend the earlier work by showing that, in the context of a ratio, a debt-related solvency ratio is most strongly associated with financial satisfaction on a cross-sectional basis. Past research, based only on a cross-sectional analysis, may be flawed in that it may overstate the impact of debt changes. While debt can still have a negative association with changes in financial satisfaction in the longitudinal analysis, it does not have the same strength of association as does the investment asset ratio.

While the first finding gives evidence that reducing debt is useful, it is possible that reducing debt is not as effective as focusing on the investment asset ratio. The strength of the investment asset ratio association is particularly notable given that more than 20% of the sample had no investment assets and were thus all labeled as belonging to the first decile. Despite this complete lack of variation for a substantial share of the sample, the decile distribution of the investment asset ratio still has the strongest association with changes in financial satisfaction. What could cause this? A difference between cross-sectional and longitudinal results may reflect an association without causation. The defining feature of a cross-sectional study is that it provides a snapshot of a population at a single point in time. The main benefit of a cross-sectional design is that it allows researchers to compare many different variables at the same time, but the main drawback is that researchers cannot view the same snapshot before or after that single point in time. However, in a longitudinal study, researchers can conduct several observations of the same respondents over a period of time. Also, in a longitudinal analysis, a fixed effects model can be employed. This allows for the control of all the stable characteristics of a person, thereby eliminating potentially large sources of bias.

The results from the cross-sectional design in Table 3 show that people in more debt are less financially satisfied. But changes in the debt ratio did not have a relatively large impact when viewed through the prism of a longitudinal study as seen in Table 4. It may be

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

possible that some unobserved underlying stable personality characteristic causes people to both be financially unhappy and to get into debt. If such a time-invariant third factor is causing both outcomes, then the association would be evident in a cross-sectional study, but not with a longitudinal design. The longitudinal fixed effects design controls for all time-invariant personal characteristics of respondents as it compares respondents to themselves at different times. Thus, these results are consistent with the idea that some time-invariant characteristics, such as a personality trait, results in both financial dissatisfaction and the increased use of debt. To the extent this is the case, then reducing debt would not be as effective at improving financial satisfaction as it would appear to be in a cross sectional analysis.

There is also empirical support that other factors in the Joo and Grable (2004) framework play a role in perceived financial satisfaction. In the current results, age is significantly negatively associated with financial satisfaction, and homeownership is positively associated with financial satisfaction. This result differs from Joo and Grable (2004) where no significant result was found for age or homeownership. A common observation is that financial satisfaction tends to improve with age (Hira & Mugenda, 1998; Lown & Ju, 1992; Sumarwan & Hira, 1993; Titus et al., 1989). The descriptive results in this study also show that as the financial satisfaction levels increase, both median household income and net worth increase as well. However, this relationship does not exist once controlling for other financial characteristics. Hansen et al. (2008) attributed the age-related association with financial satisfaction to greater assets and less debt among the aged. The current results, given the inclusion of controls for assets and debt, as well as other financial characteristics, support the conclusion of Hansen et al. (2008) in that the age associated difference relate to tangible financial differences rather than age itself. In addition, the negative association with currently working confirms the results of Sumarwan and Hira (1993).

The log of income and net worth had a significant positive association with financial satisfaction, while current employment had a negative association. This finding confirms the positive association that income and net worth have with financial satisfaction found in a variety of studies (see, e.g., Mugenda, Hira, & Fanslow, 1990; Sumarwan & Hira, 1993). The finding that income has a significant relationship with financial satisfaction was not found in the Joo and Grable (2004) model. However, where there are similar variables in the current dataset, the other components of the Joo and Grable model (2004) were affirmed as significant.

Limitations

One major limitation of this study is that the HRS and some other secondary datasets do not allow for the calculation of many different ratios. For instance, most datasets collect balance sheet or expenditure data, but not both types of measures at the same time. The use of and the availability of distinct types of ratios could lead to different results than those presented in this paper. Another limitation has to do with how financial satisfaction is measured. As previously mentioned, both single-item and multiple-item measures of financial satisfaction have been used in previous studies. Since only a single-

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

item measure is used in this study, the use of multiple-items to measure financial satisfaction may lead to a more accurate measure of financial satisfaction. However, Joo and Grable (2004) found that research conducted to date suggests that both single-item and multiple-item measures offer researchers an acceptable level of validity and reliability when used in the correct manner and that both methods produce similar predicted outcomes.

IMPLICATIONS

One of the key implications is that prior research, based only on a cross-sectional design, may be flawed in that it may overstate the impact of debt changes. By using the fixed-effect approach, the investment asset ratio produces the largest coefficient in models one and two of Table 4 and also explains the most variance in the change in financial satisfaction in model two at .17. The solvency ratio is also significant in model two, yet when all three ratios are included together in the first model, it does not become significant. This means that when the change in financial satisfaction is examined over the course of four years using full controls, the best predictor is the investment asset ratio. However, Table 4 should be interpreted with caution because the sample size is much smaller than in Table 3.

While debt is still an important factor in the cross-sectional results, this does not tell the whole story. For a planner to have the greatest effect on their client's financial satisfaction, it appears that the accumulation of financial assets is the best way to improve client financial satisfaction. This has to be welcome news for financial planners who concentrate on wealth management and are paid based on assets under management (AUM). The planners who are successful at helping clients attain a higher investment asset ratio should experience a double benefit: happier clients overall, leading to higher retention rates and more fee income for the planner if they are paid based on an AUM model.

Another way for planners to take advantage of the results of this study is to emphasize the benefit of personal savings toward major life goals such as retirement. With the continued switch from defined benefit to defined contribution plans, more employees are assuming personal responsibility for saving money towards retirement. This shift imposes more accountability on workers to sensibly save and if planners can help their clients to see the benefit of longer-term savings, at the expense of present consumption, they should be more satisfied in the long-run.

For financial therapists, the results suggest that clients may be more satisfied in the long-term if the counseling process proceeds from remedial to preventative financial counseling techniques. Remedial financial counseling is helpful when clients have reached a state of financial strain (Pulvino, Lee, & Pulvino, 2002). This financial strain can be manifested in things like not being able to service outstanding debt or having to use credit cards to fund current consumption. One way to view financial stability is by being solvent. Being insolvent (as reflected in the solvency ratio) can add strain, which has a negative

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

impact on financial satisfaction. As Joo & Grable (2004) posed, one's overall financial strain level can be impacted by their current financial situation, which in turn affects their financial satisfaction level. Because a financial therapist can help a client address the immediate concern, the mitigation of the pressing issue can have a positive impact on overall financial satisfaction.

As the strain-causing event dissipates, the client may be ready to continue on to more preventative measures, like helping a client discuss and understand their goals and objectives and helping clients develop a course of action before it is needed. Preventative approaches are appropriate when clients are financially stable, but desirous of finding better ways to use their resources more wisely (Pulvino et al., 2002). If a client can pay all their bills in the short-term and is solvent, they are more than likely ready to discuss longer-term goals, such as retirement savings. As noted in this study, when viewed longitudinally, clients are more financially satisfied when accumulating assets for some future use. Hence, by helping clients transition from remedial to preventative counseling, a therapist is also likely increasing financial satisfaction by addressing the short-term strain event and also decreasing strain, thereby increasing financial satisfaction by helping the client to focus on longer-term goals.

CONCLUSION

In conclusion, this research provides information to financial planners and financial therapists on the use of common financial ratios as targets in helping clients to achieve greater financial satisfaction. Although debt reduction is often a positive goal, a solvency ratio goal constitutes a more balanced approach. Improvements in the solvency ratio appeared strongly positive in the cross-sectional analysis and weakly positive in the longitudinal analysis. Finally, the investment asset ratio may be a surprisingly useful target ratio which, although not as strong in the cross-sectional analysis, was the most important ratio in the longitudinal analysis. The only ratio that does not have an impact on a cross-sectional or longitudinal basis was the liquidity ratio.

For future research, it would be interesting to replicate this study among households that are in different stages of the life cycle. Specifically, since the HRS samples older households, examining a younger cohort with different consumption and savings needs may produce different results. Another idea is to examine the effects of ratios on financial satisfaction during changing economic times. Since this study covered the years of 2004-2008, it would be interesting to see if the results change during an extended growth phase, instead of during an economic recession.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

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ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1839

Debt Literacy and Social Work

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In the United States today, more than 56% of individuals are in debt (Foster, Meijer, Schuh, & Zabek, 2011). Debt literacy may be defined as the ability to correctly assess debt contracts and compound interest when making financial decisions about loans, credit cards, interest rates, and fees. Often, low-income individuals are vulnerable to experiencing debt and social workers are uniquely placed to assist them. However, little is known about the debt literacy levels of Master of Social Work (MSW) students who are about to become social workers. This study attempts to fill this gap. Data were collected from 48 MSW students and analyzed using Chi-Square goodness-of-fit tests, Chi-Square tests of independence, and Fishers' Exact Test where appropriate. Results indicate that social work students scored low on all debt literacy measures, but were statistically similar to the general population and to service providers in the asset building field. In addition, students with higher self-assessed financial knowledge or who come from households with higher incomes or net worth, tend to have higher debt literacy levels. Implications for social work practice and education are discussed.

Keywords: debt literacy; financial literacy; social work students; low-income households

The current economic climate has put significant financial strain on American families. Household debt has reached a record high, with over 56% of Americans in debt (Foster, Meijer, Schuh, & Zabek, 2011). Many families in both low- and middle-income brackets are barely able to cover the costs of housing, health care, food, and education. While some types of debt are taken on for asset and other human capital development purposes, debt may negatively impact the psychological health of families nonetheless (Bridges & Disney, 2010; Jenkins et al., 2008). In addition, those living at or below the poverty line may be the most vulnerable to experiencing the worst effects of debt hardship. Low-income individuals with lower levels of debt literacy are more likely to borrow at high costs and less likely to participate in financial stock markets, accumulate wealth, and plan for retirement (Bell & Lerman, 2005). Many lower-income households also spend beyond

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1795

their means, rarely save enough for contingencies, and often do not take full advantage of beneficial financial services (Bell & Lerman, 2005). Marital tensions may also arise because of stressful financial situations (Conger et al., 1990; Hampton, 1982), possibly increasing the risk of depression, anxiety, substance abuse, child abuse, and/or other types of socio-emotional-mental concerns.

Social workers, who are historically and professionally connected to disadvantaged, often debt-laden populations, are uniquely placed to help these individuals work through their debt issues. Yet, if social workers have low levels of debt literacy, they may not be able to effectively assist clients with their financial concerns. In order to help individuals get out of debt, it is imperative that social workers are themselves debt literate. However, recent research indicates that social workers are lacking in financial literacy (Gillen & Loeffler, 2012; Loke, 2011; Sherraden, Laux, & Kaufman, 2007), while almost no information exists as to whether social workers are similarly lacking in debt literacy. This study attempts to begin to bridge this gap in the knowledgebase by exploring and describing the debt literacy levels of a group of Master of Social Work (MSW) students approaching graduation from their program.

Financial literacy and college students. Research suggests that college students may have low levels of financial literacy. Examining the financial literacy of 7,138 college students, Lusardi, Mitchell, and Curto (2009) found that 73% of the sample lacked a basic understanding of topics such as calculating simple interest rates, inflation, and diversifying financial risk. Further, the Jump$tart Survey for Personal Financial Literacy, which surveyed 1,030 college students in 2008, found that less than 50% of students correctly answered questions about financial management, savings, and credit (JumpStart, 2012). In another study using the Jump$tart survey, of 92 college juniors and seniors, less than 50% of the respondents answered questions pertaining to financial management, savings, and credit correctly (Boyland & Warren, 2013).

Financial literacy and low-income populations. It has been found that low-income populations have lower levels of financial literacy (Chang & Lyons, 2007; Zhan, Anderson, & Scott, 2006). In fact, research illustrates that the debt literacy levels of low-income populations may be among the lowest of all income groups (Bernheim, 1998; Kotlikoff & Bernheim, 2001). Often they demonstrate less knowledge about loans and repayments (Anderson, Zhan, & Scott, 2004) and do not always consider the annual percentage rate (APR) when applying for and accepting loans (Brobeck, 2002).

While a high level of debt literacy can lead to healthy financial behavior and a better quality of life (Lusardi & Tufano, 2009), low-income populations who score low on debt literacy are more likely to fall victim to abusive and deceptive credit card practices and predatory lending services (Lyons & Scherpf, 2004) that specifically target them because of their financially vulnerable situation. Predatory financial services, such as check-cashing stores, pawnshops, payday lenders, and rent-to-own stores, charge fees as high as 300% or more. These predatory financial services are used by lower-income populations more often than higher-income groups (Aratani & Chau, 2010). Because of their financially vulnerable

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1795

situation, the fees predatory financial services charge may significantly increase the debt-to-income ratio of lower-income families and push them further into the cycle of debt. It is not uncommon for low-income populations to borrow money at a very high interest rate, only to find they cannot afford the payments and must borrow at a high interest rate again. Predatory financial lenders profit substantially from low-income consumers who become trapped in this cycle of increasing high-cost debt. Ultimately, an understanding of basic financial literacy is vital for low-income populations to avoid predatory financial services, pay off debt, and gain financial security (Lyons, Chang, & Scherpf, 2006).

Debt literacy. Debt literacy is a component of financial literacy, and refers to the ability to make simple decisions regarding debt contracts and to apply basic mathematical knowledge about interest compounding to everyday financial choices (Lusardi & Tufano, 2009). A debt literate person is one who possesses the knowledge, education, and current information on managing their financial matters; understands the basic concepts underlying the management of money and assets; and uses that knowledge and understanding to plan and implement financial decisions (Hogarth, 2002). The benefits of being debt literate may include lower fees and charges on credit cards, higher net worth, access to planned savings for emergencies and retirement, and a lower debt-to-income ratio overall (Bartley, 2011). In contrast, individuals with lower levels of debt literacy may not have the minimum levels of literacy and skills to distinguish between products (Smaghi & Smith, 2005), resulting in an increased likelihood of transacting in higher-cost ways (Jappelli, 2010).

Research on debt literacy is new and currently limited. Lusardi and Tufano (2009), in their pioneering work in this area, surveyed a nationally-representative sample of 1,000 Americans with respect to their debt literacy, financial experiences, and their self-assessments of their debt position. The aim was to evaluate respondents' debt literacy as measured by a working knowledge of compound interest and credit cards and their ability to compare and choose lower-cost borrowing options (Lusardi, 2009). A three-item instrument was developed for this research and results indicate low debt literacy levels for the sample, especially among women and the elderly. In this study, only 36% of respondents understood the concept of compound interest and the workings of credit card debt and repayment. In addition, only 7% of respondents grasped the concept of the time value of money and correctly chose the lower-cost borrowing option. Further, Lusardi and Tufano (2009) found a significant relationship between respondents' debt literacy levels and their financial experiences and debt burdens. Respondents who scored lower on the debt literacy questions engaged in predatory financial products and services more often than those whose debt literacy scores were higher. Additionally, respondents with lower debt literacy scores reported that their debt burdens were extreme or could not estimate their debt position.

Lusardi and Tufano's (2009) debt literacy instrument was later adapted in a study of 2,500 non-retired individuals in the United Kingdom. This study explored the associations between debt literacy and net worth, consumer credit usage, and debt (Disney & Gathergood, 2011). In contrast to the results reported by Lusardi and Tufano (2009) on

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1795

the individual debt literacy questions, 55.8% (compared to 36%) answered the question on compounded interest correctly and 45.7% (compared to 36%) answered the question on credit card repayment correctly (Disney & Gathergood, 2011). Further results indicated that those who scored lower in debt literacy have a lower net worth, are burdened with more debt, and are more likely to have trouble paying off their debt (Disney & Gathergood, 2011).

Similarly, a nationally-representative sample of 1,508 households in the Netherlands also found low levels of debt literacy (van Rooij, Lusardi, & Alessie, 2011). Using a five-item instrument, including an adapted version of Lusardi and Tufano's (2009) scale, respondents' understanding of numeracy, interest compounded, inflation, the time value of money, and money illusion were measured. The authors found that approximately 40.2% of respondents were able to answer all five questions correctly. However, 76.2% of respondents answered the interest compounded question correctly, compared to 55.8% of respondents in the U.K. (Disney & Gathergood, 2011) and 36% of respondents in the U.S. (Lusardi & Tufano, 2009). In addition, 72.3% of respondents answered the time value of money question correctly (van Rooij et al., 2011), compared to 7% of respondents in the United States (Lusardi & Tufano, 2009). The results indicated respondents in the U.S. may have lower levels of debt literacy than those surveyed in the U.K. and the Netherlands.

Social work and debt literacy. Given the negative impact debt and the use of predatory financial services may have on lower-income populations, social workers, by virtue of the nature of their work with lower-income populations, are uniquely positioned to assist lower-income individuals and families address and resolve their debt issues. However, research has found that social workers and those in the social service field may have less than ideal levels of financial and debt literacy (Birkenmaier & Curley, 2009; Loke, 2011; Sherraden et al., 2007). Research examining the financial capabilities of 125 social service providers in the asset building field in the state of Washington demonstrated that while frontline social service providers may believe they have a high-level of financial and debt literacy, their objectively assessed financial and debt literacy levels were similar to, or lower than the general population (Loke, 2011; Loke, Watts, & Kakoti, 2013). The same study found that 25% to 40% of asset-building practitioners did not feel comfortable or prepared to address the financial concerns of clients. In regards to debt literacy, 45% of respondents answered the question on compound interest correctly, 41% answered the question on credit card repayment correctly, and 6% answered a question on the time value of money correctly, all of which were statistically similar to the general population (Loke, 2011; Loke et al., 2013).

Social workers must be debt literate in order to effectively assist clients with their debt concerns. However, little information on the debt literacy levels of social workers is currently available. This study attempts to begin to bridge this gap by exploring and describing the debt literacy levels of a group of final-year MSW students. In addition, it compares their debt literacy levels against the general population based on Lusardi and Tufano's (2009) study and with practitioners in the asset-building field (Loke, 2011; Loke et al., 2013).

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1795

METHODS

Sample

A convenience sample of 48 final-year MSW students from a university in the state of Washington was surveyed in this study. Students in two of three sections of a research course during the same academic quarter were offered extra credit for the class if they participated in the study. Every student completed the survey, resulting in a response rate of 100%. Overall, the sample represented about two-thirds of the graduating MSW students for that year. Following IRB approval, respondents completed the self-administered online survey deployed through the SurveyMonkey online survey service.

Comparison samples. Debt literacy levels of this sample were compared against the debt literacy levels found in the general population and against practitioners in the asset-building field in the state of Washington. Parameters for the general population were drawn from Lusardi and Tufano (2009), who surveyed a nationally-representative sample of 1,000 Americans. With respect to the key sociodemographic indicators, approximately 14.1% of respondents were less than 30 years of age and 49.5% reported their gender as female. In addition, slightly more than 26% of respondents indicated their income to be less than $30,000 a year (Lusardi & Tufano, 2009).

Parameters for social service providers were drawn from a statewide survey conducted by Loke (2011), where the debt literacy levels of 125 practitioners were measured. Respondents included frontline and middle management staff from 84 social service agencies. Approximately 60% of respondents reported their position as being frontline staff, 74% indicated they were female, and 81% of respondents had at least some college education. About 26% of respondents indicated they were less than 30 years old, and over half indicated they had less than three years of work experience in asset-building (Loke, 2011; Loke et al., 2013). Information on the income of respondents was not reported in this study.

Measures

Debt literacy. Debt literacy is measured using the three-item instrument developed by Lusardi and Tufano (2009). This instrument was also adapted or used in its entirety by Loke (2011), Disney and Gathergood (2011), and van Rooij et al., (2011). The instrument tested respondents' understanding of compound interest, credit card interest rates and payments, their understanding of the time value of money, and their ability to choose borrowing options with cheaper cost (see Appendix). A debt literacy index was created by summing the number of questions correctly answered and dichotomizing the variable into lower (≤ 1 correct answers) and higher (≥2 correct answers) debt literacy for the purposes of analysis.

Self-assessment of financial literacy and debt situation. Respondents were asked to self-assess their financial literacy on a 7-point Likert scale, wherein 1 = "very low"

ISSN: 1945-7774
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and 7 = "very high." In addition, they were also asked to assess their debt position by answering whether they have: (a) too much debt, (b) the right amount of debt, (c) too little debt, or (d) do not know. These two items originated from the study by Lusardi and Tufano (2009). The study by Loke (2011) did not include the self-assessment of financial literacy or debt position items.

Social demographic variables. Demographic information collected in this study includes respondents' gender measured as a dichotomous variable. Other variables, including age, annual household income, and net worth, were measured at the ordinal levels. Age was subsequently recoded as "30 years or less" and "more than 30 years old," while household income and net worth were recoded into "under $30,000" and "$30,000 or more."

Analyses. As the data were categorical or count in nature, descriptive statistics, Chi-Square goodness-of-fit tests, and Chi-Square tests of independence were used for the analyses. Chi-Square goodness-of-fit analyses were used to compare the frequency distributions of the study sample against the known statistic or parameter of a comparison sample. The purpose was to examine how well the study data resembles or "fits" the comparison data. In this study, the Chi-Square goodness-of-fit tests were used to examine the extent to which data on the debt literacy of the study sample fit the data of the general population and/or the asset-building practitioners. Chi-Square tests of independence can be used to test the relationship between two or more categorical variables. In this study, Chi-Square tests of independence were conducted to examine the association between various measures, including an association between debt literacy and debt position. When the assumptions of the Pearson Chi-Squares were violated, results of the Fishers' Exact Test, which is more precise for small sample sizes, were reported instead.

RESULTS

Sample profile. At the time the data was collected, 70.8% of respondents indicated they were less than 30 years old and 83.3% of respondents indicated they were female. Approximately 70.8% of the respondents indicated an annual income of $30,000 or less, 18.8% reported an income of $30,000 to $49,999, and 10.4% indicated an income of $50,000 or more. The majority of respondents (72.9%) indicated they had a net worth less than $30,000, 6.3% of respondents reported an income of $30,000 to $49,999, 4.2% indicated an income of $50,000 to $74,999, and 12.5% reported an income above $75,000. Regarding the financial knowledge self-assessment, 31.2% of respondents rated themselves as having low levels of financial knowledge (with scores of 3 or lower), 25% rated themselves as having neither high nor low financial knowledge, and 41.7% rated themselves as having a high level of financial knowledge (with scores of 5 and higher). Finally, 45.8% of respondents reported they have "too much" debt, while 47.9% indicated their debt levels were "just right." Table 1 describes the demographic characteristics of the respondents.

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Table 1
Respondent profiles (N=48)

Demographic		%
Age		
	Less than 30	71
	31 – 40	17
	41 – 50	4
	51 – 65	4
	More than 65	0
	Missing	4
Gender		
	Male	17
	Female	83
Annual Income		
	Under $30,000	71
	$30,000 to $49,999	19
	$50,000 to $74,999	10
	Above $75,000	0
Net Worth		
	Under $30,000	73
	$30,000 to $49,999	6
	$50,000 to $74,999	4
	Above $75,000	13
	Missing	4
Financial Knowledge Self-Assessment		
	1 – Very low	0
	2	4
	3	27
	4 – Neither high nor low	25
	5	29
	6	10
	7 – Very high	2
	Missing	2
Current Debt Position		
	Too much	46
	Just right	48
	Too little	4
	Missing	2

Note. Totals in each category may not sum to 100 due to rounding

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Understanding of compound interest. Respondents' understanding of compound interest as it relates to credit card payments was measured by the question, "Suppose you owe $1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off at this interest rate, how many years would it take for the amount you owe to double?" On this item, 47.9% of respondents (n=23/48) were able to provide the correct answer. This compares favorably against asset-building practitioners in Loke's (2011) study where 45% provided the correct answer. In addition, the study sample also performed better than the general population, as found by Lusardi and Tufano (2011), where only 36% provided the correct answer. However, Chi-Square goodness-of-fit analyses indicated that respondents had statistically similar levels of debt literacy compared to practitioners (χ^2 (1) = .17, p = .685) and to the general population (χ^2 (1) = 2.96, p = .085).

Workings of credit card repayment. To assess knowledge of the workings of credit card repayment options, respondents were asked, "You owe $3,000 on your credit card. You pay a minimum payment of $30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges?" On this measure, 45.9% of respondents (n=22/48) were able to answer this question correctly. This compares favorably to asset-building practitioners (41%) and to the general population (36%). Nevertheless, Chi-Square goodness-of-fit analyses indicate that respondents were statistically similar to both asset-building practitioners (χ^2 (1) = .46, p = .496) and to the general population (χ^2 (1) = 2.0, p = .156) in their understanding of credit cards and repayment options.

Time value of money. For the question assessing the understanding of the time value of money, respondents were asked, "You purchase an appliance which costs $1,000. To pay for this appliance, you are given the following 2 options: a) pay 12 monthly installments of $100 each; b) borrow at a 20% annual interest rate and pay back $1,200 a year from now. Which is the more advantageous offer?" Respondents had the most difficulty with this item, with only 4.2% (n=2/48) being able to answer the question correctly. In comparison, 6% of asset-building practitioners and 6.9% of the general population were able to correctly answer this question. Statistically, respondents were no different from asset-building practitioners (χ^2 (1) = .29, p = .593) or the general population (χ^2 (1) = .56, p = .455).

Debt literacy index. Analyses of the full three-item instrument reveals more than 33% of respondents (n=16/48) failed to answer any debt literacy questions correctly, 38% (n=18/48) answered only one out of the three questions correctly, 27% (n=13/48) answered two questions correctly, and just one person (2%) answered all three questions correctly. This is similar to the distribution observed among asset-building practitioners in Loke's (2011) study, where 40% of that sample failed to answer any items correctly, 26% answered only one question correctly, 31% answered two questions correctly, and only 3% answered all three debt questions correctly. Information on how many questions respondents answered correctly in Lusardi and Tufano's (2009) study was not available.

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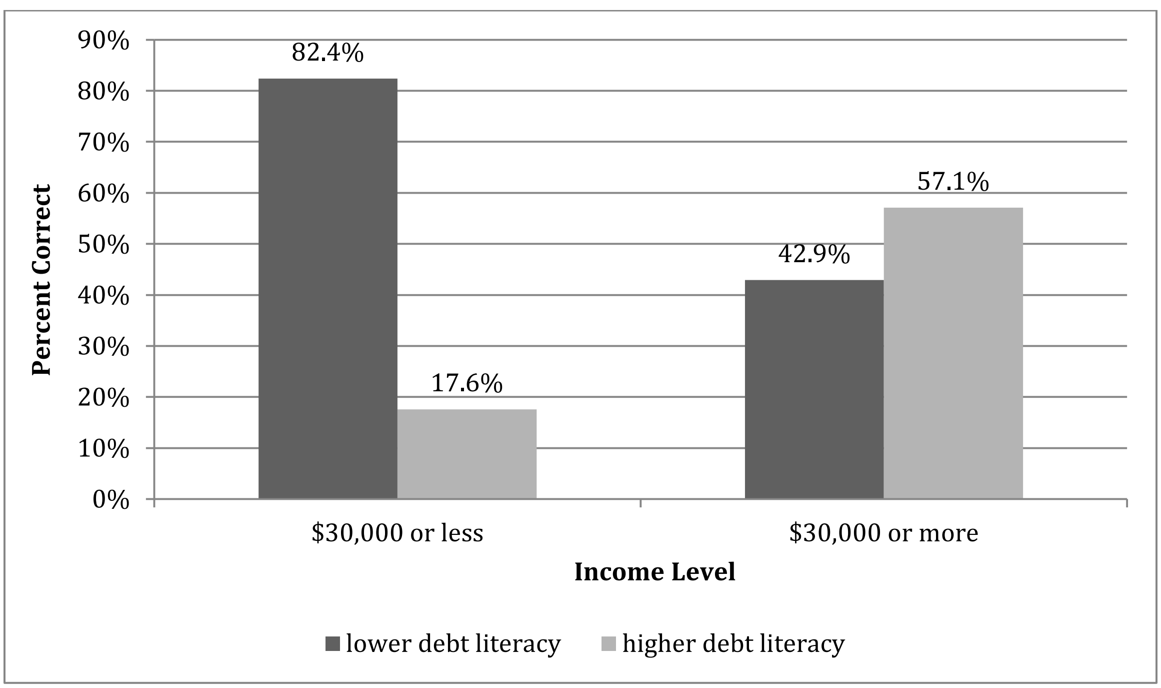
For the purposes of analysis, a debt literacy index was created by classifying those who answered fewer than half (1 or less) of the debt items correctly as having a lower level of debt literacy, while those who were able to answer more than half (2 or more) of the items correctly as having a higher level of debt literacy. Overall, 71% of the respondents (n=34/48) could be categorized as having lower debt literacy, while 29% (n=14/48) could be classified as having higher debt literacy. Among asset-building practitioners, 66% were categorized as having a lower level of debt literacy, while 34% were classified as having a higher level of debt literacy. A Chi-Square goodness-of-fit analysis indicated respondents in this study were no different statistically from asset-building practitioners in this regard (χ^2 (1) = .53, p = .445).

Debt literacy and income. For those reporting annual incomes of less than $30,000, over 82% (n=28/34) were categorized as having lower debt literacy. However, for those with annual incomes of $30,000 and above, only 43% (n=6/14) were classified as having lower debt literacy (Figure 1). As one of the cells has expected frequencies of less than 5 in the contingency table, the Fisher's Exact Test was used to test the association between debt literacy and household income. The results indicated that household income was significantly associated with debt literacy (p = .013). Those from higher-income households have a significantly higher proportion of being categorized as having a higher level of debt literacy compared to those from lower income households. The relationship between debt literacy and household income was not compared against either the general population or asset building practitioners because the relevant data were not available.

Figure 1. Debt literacy index and income level



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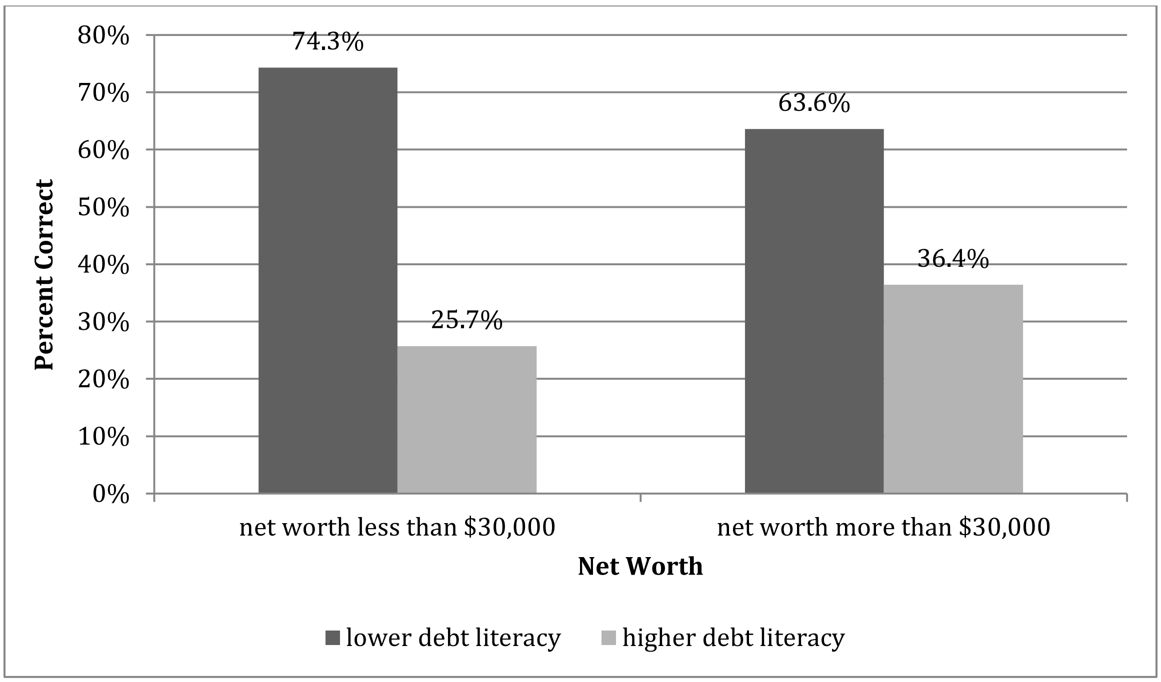
Debt literacy and net worth. In terms of net worth and debt literacy, out of the respondents who indicated they have a net worth of less than $30,000, 74.3% (n=26/35) answered one or fewer debt literacy questions correctly and were categorized as having lower debt literacy levels. This proportion fell to 63.6% (n=7/11) among those with a net worth of $30,000 or more (Figure 2). Debt literacy levels were, however, statistically independent of net worth with Fisher's Exact Test resulting in non-significant findings (p = .70). The relationship between debt literacy and net worth was not compared against either the general population or asset building practitioners because the relevant data were not available.

Figure 2. Debt literacy index and net worth



Debt literacy and financial knowledge self-assessment. Examining respondents' self-assessed financial knowledge and their debt literacy levels, the data indicated that the higher the self-assessed knowledge, the higher the debt literacy levels. Among those who self-assessed their financial knowledge as being low, only 20% (n=3/15) are deemed as having higher debt literacy. This increased to 25% (n=3/12) among those who rated themselves as having neither high nor low levels of financial knowledge. For those self-assessed as having high financial knowledge, 35% (n=7/20) were classified as having higher debt literacy levels (Figure 3). Chi-Square analysis, however, showed that the financial self-assessment and debt literacy are not significantly associated with each other in our sample (χ^2 (2) = 1.021, p = .60).

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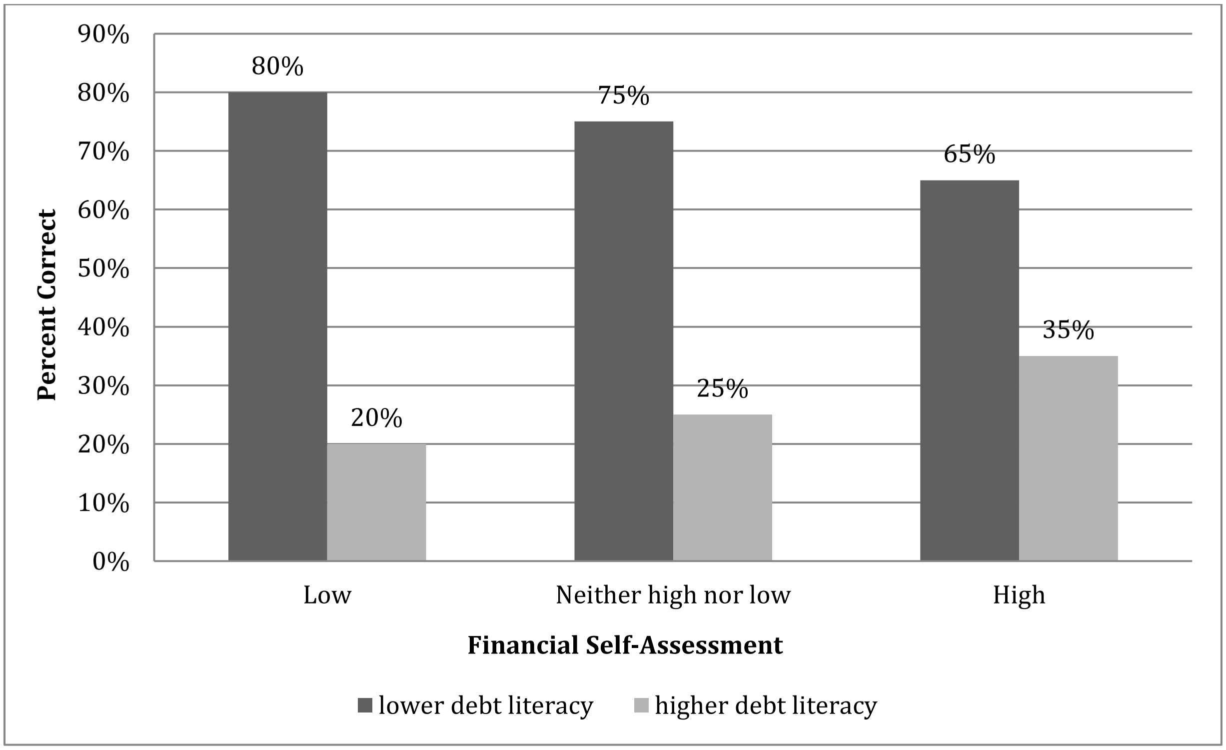
Figure 3. Debt literacy index and financial self-assessment



Debt literacy and debt position. In terms of debt literacy and current debt position, 73% (n=16/22) of respondents who assessed themselves as having too much debt were classified as having lower debt literacy. Among those who self-assessed as having too little or just the right amount of debt, the proportion of respondents classified as having lower debt literacy falls to 65% (n=15/23) (Figure 4). This finding suggested that respondents who felt they had too much debt also had lower levels of debt literacy. This association, however, was not statistically significant ($\chi^2(1) = .296$, $p = .59$). Data on this relationship were not available in the comparison samples.

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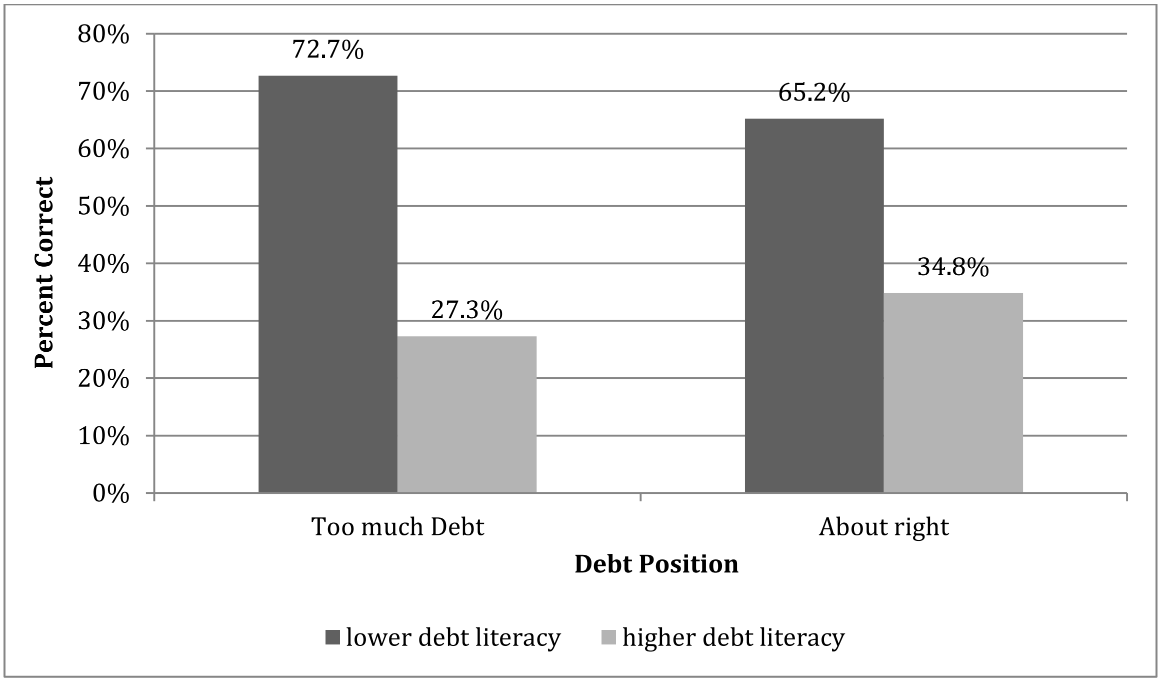
Figure 4. Debt literacy index and current debt position



DISCUSSION AND IMPLICATIONS

In order for social workers to effectively assist clients with debt issues, they first need to be debt literate. By having a higher level of debt literacy, social workers may better recognize and address the financial concerns of their clients either directly or by referring clients to the appropriate financial resources. For example, a social worker who understands budgeting, credit card interest, and late fee penalties may assist a client struggling to make payments on time, set up a budget, and better understand the consequences of late payments. Further, a social worker who is knowledgeable about debt consolidation resources may refer a client who is on the verge of bankruptcy to the appropriate resources. Thus, social workers need a level of debt literacy that allows them to appropriately and effectively assist clients with financial issues.

Social workers are also prone to personal financial concerns and social work students may face several challenges when they begin their careers, such as having large amounts of student debt and relatively low earnings (Whitaker, 2008). In general, the higher the debt-to-income ratio, the greater the possible risk of defaulting on payments. Therefore, it may benefit social workers to have a solid understanding of personal finance and the workings of debt. Understanding personal finance concepts does not guarantee sound financial choices, but it may be a first step for social workers to strengthen their personal financial and debt management skills.

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To begin examining the capacity of social workers to address the financial issues of their clients as well as their own personal finances, this study explores the debt literacy of social work students who were about to graduate from a MSW program. Results indicate that the social work students surveyed in this study have similar levels of debt literacy when compared to the asset-building practitioners surveyed by Loke (2011) and to the general population reported in the study by Lusardi and Tufano (2009). More critically, more than one-third of this sample of social work students did not answer any of the debt literacy questions correctly. In other words, they do not appear to understand the workings of compound interest, credit card repayment, and the time value of money. Further, almost 40% of the social work students surveyed answered only one question correctly, while 27% answered two questions correctly. Only one respondent answered all three questions correctly. The low percentage of respondents who answered the debt literacy questions correctly indicates low levels of debt literacy among the social work students surveyed in this study. Low levels of debt literacy may put individuals at greater risk for paying higher fees and more expensive credit options (Lusardi & Tufano, 2009). For social workers, this may mean not only paying higher fees on educational loans and credit cards for themselves, but also possibly not being able to address the debt concerns of clients effectively.

Consistent with research that found that lower income individuals have lower financial literacy (Chang & Lyons, 2007; Zhan et al., 2006), this study also finds that a significantly higher proportion of respondents from lower-income households were classified as having lower debt literacy compared to those from higher-income households. A similar trend is observed between net worth and debt literacy, with a higher proportion of individuals from lower net worth households classified as having lower debt literacy. However, this association is not statistically significant, possibly due to the small sample size. The data further suggests that debt literacy increases as self-assessed level of financial knowledge increases. Notwithstanding, even among those who rated themselves as having a high level of financial knowledge, only 35% were able to answer two or more of the debt literacy questions correctly. In other words, a majority of the respondents may believe they know more about finances and debt than they do in reality. This belief may lead respondents to carry higher amounts of debt and prevent them from saving for emergencies or the future. Respondents who reported having too much debt were also more likely to have lower debt literacy levels as well.

In addition, social work students and social workers will likely encounter clients who have concerns about debt. As a potential first point of contact for clients in financial crisis, social workers are in an ideal position to directly link clients to financial resources and advise them on issues concerning debt. If social workers are able to provide financial knowledge and resources as direct interventions for families in financial crisis, it may positively impact all members of the family and help break the cycle of intergenerational poverty. However, if social workers do not have an adequate level of financial and debt literacy, they may not be able to effectively assist clients experiencing a financial crisis. Therefore, a need exists for social workers to understand the basic principles of personal finance and debt in order to assist clients more successfully.

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The research indicates that social work students believe financial literacy is an important topic to consider when working with clients (Kindle, 2009) and that there is an interest among social workers in personal finance and in assisting clients with their financial issues (Despard & Chowa, 2012). However, the results of this study indicate that respondents may not have the debt literacy levels needed to work effectively with clients. This low level of debt literacy seen among respondents may be due to the students not being exposed to financial and debt literacy content in their college and social work education. This is likely the case, as most Bachelor of Social Work (BSW) and MSW programs do not include financial or debt literacy in their curriculum. Thus, a need exists for social work programs to consider how they can create social work curriculum content to increase students' financial and debt literacy and their ability to work with clients in this area. This is especially important since the results of this study further indicate that practitioners will likely have few opportunities to develop and enhance their financial and debt literacy after they enter the field, as evidenced by social service practitioners in the asset-building field having statistically similar levels of debt literacy compared to social work students. Recently, a few schools of social work have begun to take steps to increase the financial literacy of social work students and to equip their students with the skills and knowledge needed to work on the financial lives of their clients. However, more can be done.

Guidelines outlining the extent to which social workers delve into the financial lives of their clients and provide debt counseling and budgeting, for example, will need to be developed. If equipped with financial and debt literacy education, social workers will be able to work with clients on basic personal finance-related issues, such as creating a balanced personal budget. Or it may be that the most appropriate role for social workers in addressing the financial concerns of their clients is to assess the level of need and refer the client to appropriate debt management resources, such as personal financial education and/or a debt management consultant. At a minimum, social workers should be able to recognize when financial issues are negatively impacting the lives of their clients and take action to assist clients resolve those financial issues.

Future endeavors may investigate additional ways to integrate financial management into existing social work curriculum to provide social work students easier access to financial education. For example, social work programs may be able to offer a financial education class as an elective (Sherraden et al., 2007). Social work programs could also integrate personal finance and debt literacy-related topics into existing mental health, child welfare, gerontology, medical, and criminal justice social work courses. Another option may be to provide social work students with field placement opportunities that directly expose them to the financial lives of clients. For example, social service programs that focus on asset-building services, such as Individual Development Accounts (IDAs), homeownership, or small business development, may provide social work students opportunities to learn about helping clients work on their the long-term financial goals. Alternatively, social work programs may expose social work students to financial and debt literacy through guest lectures and/or workshops on topics such as predatory lending

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DOI: 10.4148/jft.v4i1.1795

prevention, the Volunteer Income Tax Assistance (VITA) program (a free tax preparation program for low-to-moderate income populations), and low-cost banking options.

LIMITATIONS

Several limitations exist in this study. First, due to the non-random sampling method used for this study and a small sample, generalizing findings to all social work students may not be appropriate. Demographic differences between social work students may vary greatly across regions and may lead to results that are inconsistent with the findings of this study. Further, it is unknown whether respondents have student loans or have started repaying their loans at the time of the study. Specific information about respondents' consumer debt (credit cards, automobile loans, home loans, etc.) or other types of debt (predatory financial product and service usage, borrowing money from family/friends, etc.) is also unavailable. The authors acknowledge that specific information about respondents' type of debt and their debt repayment experience is important to consider when assessing debt literacy level and future studies may examine this relationship more closely.

Additionally, asset-building practitioners in the comparison group may or may not have had formal social work training. However, these asset-building practitioners likely perform duties similar to that of a social worker in similar work settings and with similar client socio-economic profiles. Thus, while it is appropriate to compare the social work students against asset-building practitioners, direct comparison between social work students and social workers in practice may be warranted for future studies.

Thirdly, while this paper focuses on the negative impacts of debt for low-income populations, the authors acknowledge not all debt may lead to negative outcomes and that middle-income households may similarly struggle with debt burdens and low debt literacy levels. Research indicates some forms of debt, such as a low-interest mortgage or student loan, may increase net worth and generate positive long-term outcomes (Peñaloza & Barnhart, 2011). Borrowing to pay for college at a low interest rate may increase employee value and potentially raise future income (Peñaloza & Barnhart, 2011). Additionally, using credit cards, but paying the balance in full may increase overall credit score, allowing future access to credit for purchasing a home, car, or higher education (Peñaloza & Barnhart, 2011). Future research should explore the impact of different forms of debt on long-term outcomes and differences between low-income and middle-income populations in terms of debt and debt literacy levels.

Lastly, the debt literacy levels of respondents are measured using only a three-item instrument. The instrument used in this study has not been tested for validity or reliability. However, no standardized instrument measuring debt literacy currently exists. The instrument appears to have face validity, as it measures respondents' knowledge of the key concepts related to debt, or respondents' understanding of compound interest and the ability to identify lower cost lending options, as well as familiarity of the most common form of consumer debt and its repayment. While the instrument has face validity, it may

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1795

not have content validity, as there may be other dimensions of debt literacy that have not been measured. Future research may explore testing a more comprehensive scale to measure debt literacy.

CONCLUSION

For the first time, information on the debt literacy levels of graduating MSW students is available. Debt-related issues may be of interest to social workers for several reasons. First, social workers may carry large amounts of educational and credit card debt themselves. Even more importantly, the populations that social workers serve are often from lower-income backgrounds, are likely to have debt-related concerns, and be more vulnerable to experiencing high-cost debt. Social workers are thus uniquely placed to assist these individuals with their financial issues and to help them develop healthy financial behaviors.

The results of this study reveal social work students scored low on all debt literacy measures, but were statistically similar to asset-building practitioners and to the general population. In order for social workers to effectively help their clients overcome financial and debt issues, social workers themselves need to be more debt literate. A higher level of debt literacy may equip social workers with a greater knowledge of the workings of debt, enabling them to better assist clients with debt issues. While most social work programs do not currently offer courses to increase the financial literacy of their students, there is a growing movement within the profession and among social work educators calling for the inclusion of financial and debt literacy content in the social work curricula. The findings that social work students have low levels of debt literacy and that social work graduates will likely not obtain financial and debt literacy once they become practitioners adds urgency and further strengthens the impetus to train financially competent and capable social workers while they are in the social work program.

ISSN: 1945-7774
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Appendix

Debt Literacy Questions

1. Suppose you owe $1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?

- ◻ 2 years
- ◻ Less than 5 years*
- ◻ 5 to 10 years
- ◻ More than 10 years
- ◻ Do not know
- ◻ Prefer not to answer

2. You owe $3,000 on your credit card. You pay a minimum payment of $30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges?

- ◻ Less than 5 years
- ◻ 5 to 10 years
- ◻ 10 to 15 years
- ◻ Never, you will continue to be in debt*
- ◻ Do not know
- ◻ Prefer not to answer

3. You purchase an appliance which costs $1,000. To pay for this appliance, you are given the following 2 options: a) pay 12 monthly installments of $100 each; b) borrow at a 20% annual interest rate and pay back $1,200 a year from now. Which is the more advantageous offer?

- ◻ Option (a)
- ◻ Option (b)*
- ◻ They are the same
- ◻ Do not know
- ◻ Prefer not to answer

* indicates the correct answer

Source: Lusardi, A., & Tufano, P. (2009). *Debt literacy, financial experiences, and overindebtedness* (NBER Working Paper No. 14808). Cambridge, MA: National Bureau of Economic Research.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1795

Researcher Profile

An Interview with Sonya Britt, Ph.D., CFP®, AFC®

Keywords: Britt; personal financial planning; financial therapy

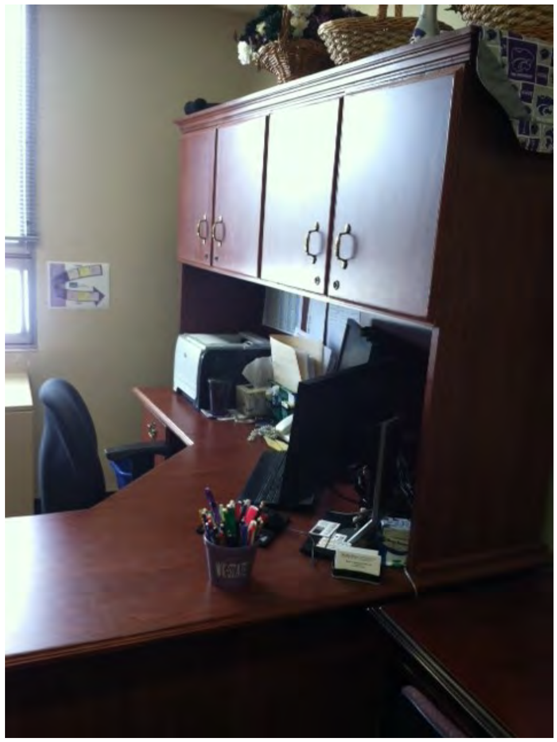
Q. Tell us a bit about yourself.

A. I graduated from Texas Tech University in 2010 with a doctorate degree in Personal Financial Planning. My first two degrees are from Kansas State University in Personal Financial Planning (B.S.) and Marriage and Family Therapy (M.S.). I was the founding president of the Financial Therapy Association and recently retired from the board as past-president. I currently serve on the board of the American Council on Consumer Interests Association. I am an associate editor for the *Journal of Family and Economic Issues* and on the editorial board of the *Journal of Financial Therapy* and on the international scientific board of the *Italian Journal of Sociology of Education*. My research related to physiological stress and financial counseling has been quoted in Kiplinger's (August 2012), InvestmentNews (March 2012 and July 2010), The Wall Street Journal (December 2011), and the New York Times (May 2011), to name a few. I attended the Children and Youth Finance International Financial Literacy Summit held in Amsterdam, Netherlands in April 2012 where I shared my experiences and research related to financial literacy of young people. I recently published an edited book with Dr. Dottie Durband, *Student Financial Literacy: Campus-Based Program Development*, which leads readers through the process of developing or enhancing financial literacy programs for college students.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1896

Q. Define what you do professionally.

A. I am an Assistant Professor and Program Director of Personal Financial Planning at Kansas State University. My duties include teaching, publishing research, engaging in university and professional service activities, and program administration. Here is a picture of my office where I do most of my work!



Q. What activities encompass your professional responsibilities?

A. My teaching is currently at the graduate level, for the most part. I teach financial planning case studies and practicum for master's students and family resource management and advanced research methods for doctoral students. I occasionally teach introduction to financial planning and family economics at the undergraduate level.

My research is focused on three main themes—physiological stress in financial planning, counseling, and therapy, effectiveness of financial counseling efforts, and general financial therapy issues.

Q. How long have you been engaged in your professional activity?

A. I have been at Kansas State University for the past four years. I also conducted research and taught courses while I was in my master's and doctoral degree programs.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1896

Q. What led you to your professional calling?

A. As a college freshman, I intended to study speech-language pathology, but it turns out a lot of science is involved in that major! I still wanted to help people in need and liked numbers, so I thought I would give financial planning a try. I loved it and wanted to know even more about people's interactions with money and with significant others in dealing with financial matters. This led me to a master's degree in marriage and family therapy. During my master's program, I had the opportunity to interview someone who was doing what I aspired to do. That person was Ted Klontz. My interest in "financial therapy" really took off from there. I worked as a marriage and family therapist and financial counselor for a couple of years after my master's program until I decided I wanted to work at a university, so I pursued a doctorate degree in financial planning. It was during my doctoral program that a small group of us (John Grable, Kristy Archuleta, Dottie Durband, and myself) decided to organize the 2008 financial therapy forum in Anaheim to gauge the interest in developing the FTA. Needless to say, the response was positive and the FTA was formed shortly thereafter.

Q. How are you compensated?

A. I am paid by a 9-month salary position offered by my university.

Q. Do you work alone or do you have a team? Please explain.

A. Both independent and collaborative work is important for my position. I especially enjoy involving undergraduate students in the research process to get them excited about integrating research into their work as future financial planners and counselors. I publish with my doctoral students as part of their dissertation and other collaborative projects. I also enjoy working with researchers from other universities and practitioners working in the field.

Q. What theoretical framework guides your work when dealing with clients and/or conducting research (e.g., some practitioners use a solution-focused theoretical framework while others are more eclectic)?

A. Theory is vitally important to good research. I use a variety of theoretical frameworks in my research depending on the research question. I tend to use a stress framework, such as Hill's ABC-X stress model, whereas my effectiveness of financial counseling research tends to use a behavioral framework, such as Ajzen's Theory of Planned Behavior.

Q. What needs to happen so that 10 years from now we can say that financial therapy is a respected field of study?

A. We need empirical evidence to prove that the work financial therapists are doing is beneficial to clients. This will require collaboration between practitioners and researchers to find out what is happening in the field so researchers can design studies to appropriately

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1896

test those methods for effectiveness. If clients are showing immediate and long-term benefits of financial therapy, research findings will be published in academic publications, practitioner publications, mixed academic/practitioner publications, like the Journal of Financial Therapy, and consumer publications, like The New York Times. This will help generate public interest for Financial Therapy services.

Q. What benefits can the Financial Therapy Association provide to others doing work that is similar to your professional activities?

A. Having a place to share ideas and resources is important for my career. I enjoy being able to share my research findings at the annual conference and receive feedback from the audience and eventually go on to publish my findings in the Journal. The conference is a wonderful place to generate new ideas and develop collaborative relationships to continue moving Financial Therapy forward.

Q. If others are interested in finding out more about you personally and professionally, where can they obtain this information?

A. Please email me at sbritt@ksu.edu. One of my favorite tools for getting up-to-date research is GoogleScholar.com. If you type my name into the search box, you can view my profile that automatically updates my publication list and citations to my research.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1896

Practitioner Profile

An Interview with
Erin Wirth, AFC®

Erin Wirth is an Accredited Financial Counselor and the Director of the University of Nebraska–Lincoln Student Money Management Center, a financial education program for college students. The program offers one-on-one money management education and counseling sessions, money management workshops, and a variety of other interactive educational activities aimed to help college students understand the importance of financial literacy. The program recently won the Outstanding Financial Counseling & Planning Education Award from the Association for Financial Counseling & Planning Education.

Keywords: Wirth; financial counseling; financial therapy

Q. Tell us a bit about yourself.

A. I was hired by the University of Nebraska – Lincoln three years ago to spearhead a peer-to-peer financial education program for college students. Throughout my three-year adventure at the University, my passion for helping others through financial education has grown stronger. I live for the moments when I see students gain confidence in their ability to successfully manage their financial lives. I am happiest when I know I have helped others achieve overall well-being.

I have a strong background in problem-solving, customer service, education, and marketing, a combination of skills which has proven to be important in our program's success. Because of our program's passion for helping others, and our personalized financial counseling and education sessions, innovative education methods, and creative marketing techniques, we have been able to help our students gain

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1895

financial knowledge, change their financial habits, and start on the path to achieving their financial and life goals.

Q. Define what you do professionally.

A. Overall, I am responsible for finding ways to help college students gain the money management knowledge and skills they need to be successful, both while they are in college and throughout their lives. One way my team does this is through one-on-one financial counseling and education sessions. We help students find solutions for their financial challenges and inspire them to improve their financial behaviors. Additionally, we also develop financial workshops and educational activities that are relevant to our target market. Marketing is also a critical part of the success of a financial education program, so we concentrate on finding innovative ways to market the message that financial literacy is important.

Q. What activities encompass your professional responsibilities?

A. I am responsible for developing and growing our financial education program. This includes a variety of activities, including: resource development - financial education workshops and events for various audiences, print resources, and electronic resources; program evaluation; recruiting and managing student workers and program volunteers; building relationships with university and community organizations in order to further program opportunities; performing target market research and assessing financial education trends; developing the program's brand and strategic marketing plans; representing the program among University and community organizations; and meeting with students and performing detailed research in order to find the best solutions for client situations.

Q. How long have you been engaged in your professional activity?

A. I have been involved in financial education and counseling for 3 years.

Q. What led you to your professional calling?

A. I have always felt that if I am not working for the greater good and using my talents to help other people, I am wasting my time. Three years ago, I was working in the information technology industry and felt empty. I sought a position which would allow me to positively impact the lives of Nebraskans and found it in my current position.

Throughout my own life, I have had many people help me improve myself by improving my professional and personal skills, including my money management skills. I want to do the same for other Nebraskans. I believe that if more Nebraskans become financially literate, they will experience an increase in their overall well-being and create opportunities for themselves that will help them become more successful, both personally

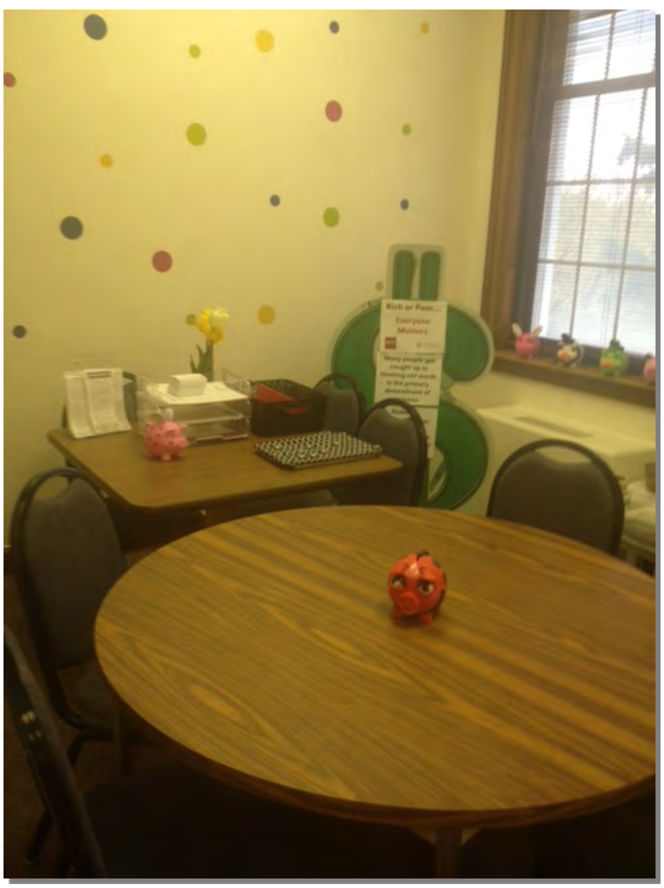
ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1895

and professionally. Additionally, a higher level of state-wide financial literacy would lead to a more prosperous Nebraska.

I believe that if an individual becomes financially literate, the most important effects on the individual's life cannot be measured by numbers or figures – the most important effects are the increases in the person's overall well-being and the level of confidence they have in themselves. From single moms, to families, to college students - I have seen firsthand that being able to correctly handle finances is vital to a person's overall health and happiness. For example, I recently worked with a young woman who felt like her life was out of control – she couldn't pay her bills, her grades were low, and she was having trouble with her relationships. She worked to establish good financial habits, which started a domino effect throughout her life. Once her financial life became healthier, she experienced a decreased level of stress over her finances which helped her concentrate more on school. Additionally, when she felt more in control of her own life, she became more confident in herself, allowing her to find the strength to mend her personal relationships.

Q. How are you compensated?

A. My program relies on grants. We rely on our creative thinking to build and grow our program on a meager budget. We feel we are positively impacting the lives of many students so we hope we are a long-term fixture at the University of Nebraska.



Q. Do you work alone or do you have a team? Please explain.

A. I work with a team of student employees and volunteers. We incorporate the opinions and perspectives of our current college students into everything we do, including our program strategy and all our program activities.

Q. What theoretical framework guides your work when dealing with clients and/or conducting research (e.g., some practitioners use a solution-focused theoretical framework while others are more eclectic)?

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1895

A. I would describe my theoretical framework as rooted in inspiration. I do not only supply financial education, but I also help inspire students to change their financial habits and increase their confidence in themselves and their abilities to manage their financial lives. I focus not only on helping students understand why it is important to build good financial habits, but also help them recognize how these habits can positively impact their entire lives.

Following are the guiding principles I follow as I approach a counseling session:

1. Provide a supportive, safe environment where students can receive non-biased help with making financial decisions.
2. Help students understand their current relationship with money and what steps they can take to improve their relationship with money. Help students gain confidence in themselves and in their ability to manage their financial lives.
3. Help students understand how financial knowledge is a powerful tool that can help prevent them from making financial mistakes and make good decisions that will positively impact their financial futures.
4. Help students understand why it is important for them to practice good financial habits so they can meet their financial and life goals.
5. Make all information relevant to the student and easy to understand. Make all suggestions for behavioral changes very practical and relatively easy to implement.

Q. What needs to happen so that 10 years from now we can say that financial therapy is a respected field of study?

A. I have found that many people in the financial education field in the Midwest do not recognize that there is a difference between traditional financial education and financial counseling and therapy - considering the emotional & psychological factors that play into financial decisions versus traditional financial knowledge transfer. Professionals in the financial counseling and therapy fields need to be more involved in increasing awareness of the difference between traditional financial education and financial counseling and therapy. Research efforts in financial therapy and counseling need to be more widely publicized and need more national media attention.

Q. What benefits can the Financial Therapy Association provide to others doing work that is similar to your professional activities?

A. Financial education practitioners would benefit from research addressing the importance of helping students understand their own emotional and psychological factors that influence their financial decisions. It would also be helpful to have dynamic, easy-to-understand educational materials that would help students understand their relationship with money.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1895

Q. If others are interested in finding out more about you personally and professionally, where can they obtain this information?

A. My program's website is: www.unl.edu/smmc.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1895

Book Review

Sudden Wealth…It Happens

Erika Rasure, M.S., AFC®
Kansas State University

Rust, D. & Moore, S. (2011). *Sudden wealth...it happens.* Clear Standard Publishing, LLC, 216 pp., $19.95. ISBN: 978-I46II46261

"Sudden Wealth…It Happens" is an exploration of circumstances that can drastically change one's financial future. A collection of cautionary, yet inspiring tales, sets the tone for emphasizing the importance of sudden wealth financial management. What follows is a sudden wealth management toolkit intended to guide the recipient of a windfall down the path of financial success, and away from the path of financial ruin.

Financial windfalls are more than simply winning the lottery, or striking it rich by chance. The first part of the book describes seven individual stories of a financial windfall. While one of the stories included does describe a situation in which a financial windfall occurred as a result of a lottery jackpot, the other six highlight realistic situations in which windfalls might occur in normal, everyday life. Most notably, windfalls may come in the form of a life insurance payout, funds received upon retirement, an estate settlement upon the death of a loved one, an injury settlement from an accident, the sale of a profitable business, or a divorce settlement. These are relatively common scenarios that most individuals in their lifetime could expect to experience, in one form or another.

In each of the scenarios described in the stories, the authors carefully walk through the background and the emotions of those involved, lending a very personal tone throughout the text. This demonstrates the relatable nature of the scenarios, further exemplified by the descriptions of the behaviors, and ultimately, the consequences of those behaviors, upon receipt of the financial windfalls. What is described in the stories is nothing altogether uncommon, but rather a real, raw, and emotional depiction of what individuals feel in relation to their new found wealth. While many of the stories describe consequences, the stories also describe how, when, and why mistakes are made managing the windfall and what has been done to improve a longer-term financial outcome.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1894

The second part of the book is dedicated to the applications, or process, of managing a financial windfall. This section begins with what is required in building a team of sudden wealth managers. Financial planning is identified as the core of this process, but the authors also highlight the importance of each of the individual components of the overall process and how the slight differences can have tremendous impact. This includes not only choosing the right financial planner, but also finding the right individuals to complement the process of financial planning. A good financial planner will, according to the authors, "bring it all together," ensuring that for example, investments are managed properly, insurance needs and responsibilities are met, tax and estate planning issues are tended to, and legal protection is in place. With this superstar team, an individual's financial future is deemed more secure.

The authors continue, explaining the various designations that exist for those who are practicing as financial professionals. The authors do caution, however, that a good financial planner, or sudden wealth strategist, is not simply identifiable only by designation, but must demonstrate commitment and excellence to client success and should be subjected to an interview. The authors include a comprehensive list of open-ended questions that will certainly provide a solid initial framework that can be utilized in any financial planning hiring process.

The final section is intended to help prepare an individual for the first meeting with the financial planner. What is described is not unlike what one would expect in meeting with a financial planner, or even an estate planning attorney, for the first time. It is a helpful reminder of all the information that is necessary to help build the best dream team in managing wealth, based on individual financial circumstances.

The book is intended for individuals who have likely just experienced a financial windfall and are looking for guidance in how to best manage and preserve their wealth. However, this book is a welcome addition to existing financial planning, financial counseling, and financial therapy literature. The content is thought-provoking and applicable to almost any reader that would encounter the book. This book would be a beneficial read for not only financial practitioners, but also for individuals who are just beginning to develop a healthy relationship with money. The book provides an opportunity to reflect upon how financial situations can change seemingly overnight, what the response might be, and recommended strategies for how it should be.

Sudden Wealth…It Happens is a deceptively easy read, with streamlined stories of real-life scenarios of financial windfalls. While the content is not altogether novel, it fills an important void by clearly and concisely demonstrating the need for appropriate wealth management strategies, given the unpredictability of life. The book may help practitioners and clients better prepare for the unexpected.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1894

Book Review

Financial Therapy: 5 Steps Toward Financial Freedom

Guide to Financial Therapy Forms and Handouts: 5 Steps Toward Financial Freedom

Megan McCoy, M.A.
D. Bruce Ross, M.S.
University of Georgia

Smith, T.E., Nelson, R.J., Richards, K.V., & Shelton, V.M. (2012). *Financial therapy: 5 steps toward financial freedom.* Southeastern Professional Books, LLC, 232 pp., $29.95. ISBN: 9780988392908.

Smith, T.E., Nelson, R.J., Richards, K.V., & Shelton, V.M. (2012). *Guide to financial therapy forms and handouts: 5 steps toward financial freedom.* Southeastern Professional Books, LLC, 96 pp., $14.95. ISBN: 9780988392915.

Financial Therapy: 5 Steps Toward Financial Freedom and its accompanying workbook, *Guide to Financial Therapy Forms and Handouts: 5 Steps Toward Financial Freedom,* was created to provide an intervention model to help clients become more financially literate and protect them from financial predators. It is important to highlight that this book is only directed towards mental health professionals. However, because the title “Financial Therapy” is used, it could cause a misperception to readers. Although the Financial Therapy Association focuses on financial therapy as including both mental health and financial disciplines, this book is directed at only mental health professions. The authors’ process combines simple personal finance management techniques with therapeutic interventions in a stepwise model by which individuals can accomplish their desired goals. Although the book was created for mental health professionals, the accompanying workbook was designed to be used by clients to supplement their financial therapy sessions. This article will briefly review the book and the workbook’s organization,

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1907

content, and readability before addressing its usefulness to the intended readership and the value of the book for the field of financial therapy.

The book had five main sections: (a) "Introduction", (b) "Current Directions in Personal Finance", (c) "Integrated Theory", (d) "Clinical Applications for Financial Therapy", and (e) "Treatment Manual". Within the introduction, Smith, Nelson, Richards, & Shelton (2012) attempt to create a rationale for their model based on the great recession as the backdrop. Although it was important to position the growth of financial therapy in its historical context, this section may have been more appropriate if it was condensed and the information had been cited more clearly (e.g., the authors compare the current financial crisis to the Great Depression without a citation on page 17).

The second section, "Current Directions in Personal Finance", transitions into discussing how organizations, training facilities, associations, and professionals focus on increasing financial literacy with clients as a result of this economic downturn. This section provides good information for readers, but in the next edition it may be preferable to organize this section to flow better with the rest of the book. In addition, the authors appeared to have misconstrued financial therapists as only mental health professionals. For example, on page 28 the authors describe financial therapists as mental health professionals that use therapeutic strategies to address financial behaviors instead of explaining that financial therapists could be either mental health professionals *or* financial professionals. In fact, the Financial Therapy Association was founded by 28 academics and practitioners of varying mental health and financial backgrounds (McGill, Grable, & Britt, 2010) and has grown to include membership of students, professors, researchers, and practitioners from a multitude of disciplines (Archuleta, Burr, Dale, Canale, Danford, Rasure, Nelson, Williams, Schindler, Coffman, & Horwitz, 2012).

The third section of the book was based on the therapeutic theories which underlie their approach and how the theories were integrated (hence its title "Integrated Theory"). The field of financial therapy is in need of more theoretical and evidenced-based approaches, so it is laudable that the authors focused on theory implementation in their book. In addition, the authors decided to use several mental health theories in their approach, thus making it essential to create a rationale for why they integrated so many approaches. Overall, the theories were very well-written and showed the authors' vast knowledge of therapeutic interventions. However, for future editions we suggest two areas where revisions may be needed within this section. First, the section seemed separate from the rest of the book, as it was not tied in with their model of financial therapy. Future editions should focus on ensuring the connection between this section and the rest of the book. Second, the section would have benefited greatly from providing more detailed information on each of the models and/or providing additional resources that could be utilized by financial therapists. Many specific model terms were included, yet full definitions of terms or instruction for interventions were not always provided. Thus, some mental health professionals and financial practitioners that have not been trained in the specific models would potentially have difficulties following this section.

ISSN: 1945-7774
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The fourth section was called "Clinical Applications to Financial Therapy." It provided information on how to implement interventions in financial therapy. This was such an interesting and useful section for mental health professionals, as it discussed many useful tools and therapeutic interventions to be used with financial therapy services. In fact, the authors may want to consider creating an additional book just on this subject matter. As a section within the larger book, the authors were not able to go into sufficient detail and they did not explain how the interventions described fit into their approach.

The final section was on the author's actual treatment manual and this section was very well done. For mental health professionals purchasing this book, this will be where they "sink their teeth in". As aforementioned, the authors' goal in writing this book was to provide an intervention model to aid clients in becoming more financially literate, as well as protecting clients from financial predators. This section did a great job of helping clients become more mindful of their financial habits and underlying emotions to help them become more financially literate. However, future revisions would benefit from providing more detailed information on financial protection, as well as including more information from a financial perspective to fulfill the authors' proposed goals entirely. In addition, the book would have benefitted from a more thorough literature review of the present research on financial therapy. For instance, the authors introduce financial genograms, but do not cite Mumford & Weeks (2003) or Gallo (2001), which are integral aids to financial genogram construction. The authors also discuss the term *money heuristics* without describing the previous literature on money scripts (e.g., Klontz, Britt, Mentzer, & Klontz, 2011). And lastly, they could have provided more tangible financial skills for their readers (e.g., how to track spending or create a budget) that would have been beneficial. Issues like these appear to be a product of their lack of research in financial areas.

Unfortunately, the lack of research was also demonstrated through the authors' use of citations, which may make the text appear as rushed to the reader. Throughout the book, the authors did not cite where they were drawing their inspirations from for their theory. For instance, there were times that we found citations were very much necessary, but were either absent (e.g., on page 112 they discuss the "go slow" strategic therapeutic intervention without citations) or cited incorrectly (e.g., Beck (1976) is cited on page 52, but is not listed in the references). Although their writing style was very easy to read throughout the book, in the final section it became slightly confusing as they alternated between addressing the clinician and addressing the client. The use of clip art and white spaces could have been better utilized to make it clearer who the authors were addressing (e.g., page 113 addresses the precontemplative stage for the therapist and then the authors switch to directions for the client). Lastly, it would have been beneficial to provide a stronger conclusion, as the book seemed to end abruptly. The book could have introduced the accompanying workbook and clarified how it should be used in conjunction with the book itself. Despite these limitations, this book would be very beneficial to mental health professionals hoping to integrate finances into their work.

The workbook that accompanied the book is another great step forward for the field of financial therapy. Providing techniques and interventions to help clients address the emotional and behavioral side of finances is integral. The organization of the workbook

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1907

into stages and steps provides both structure and flexibility to the approach. The main thing that would have strengthened the workbook is the format of its pages. The use of white space was confusing, as sometimes it was for the client to take notes, and other times it appears to be included for unknown reasons. Also, the workbook would have benefitted from an organizational perspective by having assignments formatted to fit on a single page, as well as using different text to distinguish between directions and for the actual exercises. It would have also been beneficial to the clients if the authors had not used technical jargon (e.g., heuristics) and if they had not switched from third person to first person to keep the reading more consistent. Finally, the workbook would have been strengthened if the authors had collaborated more with financial experts. For instance, the authors want the clients to explore their current financial situation in step three where financial therapists encourage their clients to find all documents (e.g., receipts, statements, bills) that pertain to their finances. They also describe this as a painful and scary process (e.g., on page 45 they describe it similar to "Pandora's Box"). While the process may in fact provoke feelings of anxiety or frustration, the phrasing in this section could appear scary and overwhelming to many clients. Financial professionals could provide examples of easier ways of collecting financial documents and information (e.g., mint.com, past three months of online credit card statements, smart phone apps) to make this step less unbearable for the client. These steps can even be completed in session on a laptop with the financial therapist to assist with any potential anxieties or frustrations the client may experience. Despite these slight limitations, this workbook is a great resource for mental health professionals and clients interested in financial therapy.

Overall, the book and workbook are unique and great fundamental sources of support for financial therapists. There have been several articles published on techniques for financial therapy (Ford, Baptist, Archuleta, 2012; Kim, Gale, Goetz, & Bermudez, 2011; Klontz, Bivens, Klontz, Wada, & Kahler, 2008), however this is the first book to our knowledge that has expanded techniques into a manualized program that other therapists can replicate. This book and workbook would be very useful for mental health professionals interested in introducing finances into their work. Furthermore, the exercises would be very beneficial to mental health and financial professionals' clients alike. However, we urge the authors of this book and workbook to consider creating a revised edition of this book. It is clear the authors are knowledgeable about the mental health side of financial therapy, but the book would benefit from a clearer focused model that goes into further detail and provides further readings. As such, the next edition would benefit from condensing the first four sections and instead including a brief rationale for their approach. Finally, as social workers, the authors were able to do a great job of addressing the emotional component of financial therapy. Melding financial and mental health knowledge, interventions, and theory is a difficult task, as financial therapy is still a new and developing field. Despite this, the authors are able to provide a foundational and manualized approach for mental health professionals interested in conducting financial therapy with their clients.

ISSN: 1945-7774
DOI: 10.4148/jft.v4i1.1907

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ISSN: 1945-7774
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