# Identify and Understand Clients' Money Scripts: A Framework for Using the KMSI-R

*by Michelle Arpin Begina, CFP®, CIMA®, RICP®; Jessica L. Hickingbottom, CFP®; Elaine Grogan Luttrull, CPA; Megan McCoy, Ph.D., LMFT; and Bradley T. Klontz, Psy.D., CFP®*

*Michelle Arpin Begina, CFP®, CIMA®, RICP®, is a senior partner and managing director at Snowden Lane Partners in New York City and has been named a* Worth Magazine *250 Best Financial Advisor. She is a graduate of Kansas State University's certificate program in financial therapy.*

*Jessica L. Hickingbottom, CFP®, is a financial planner at FullCircle Wealth in Dallas, Texas and a graduate extension student in finance at Harvard University.*

*Elaine Grogan Luttrull, CPA, is the founder of Minerva Financial Arts and an assistant professor at the Columbus College of Art and Design. Her work focuses on increasing financial literacy and empowerment in artists and arts organizations.*

*Megan McCoy, Ph.D., LMFT, is an adjunct faculty member at Northcentral University's marriage and family therapy program. Her research interests are in financial therapy, and she has published several journal articles and book chapters on how to incorporate financial health in mental health services.*

*Bradley T. Klontz, Psy.D., CFP®, is an associate professor of practice in financial psychology at Creighton University Heider College of Business and a managing principal at Your Mental Wealth Advisors™. He is the co-editor/author of five books on the psychology of money, including* Facilitating Financial Health *and* Financial Therapy.

## Executive Summary

- Empirically validated financial psychology tools have been developed for use in the financial planning field. However, some financial planners are hesitant to integrate such tools into their work with clients because they fear they are unqualified.
- The Klontz Money Script Revised Inventory (KMSI-R) has been empirically validated to identify beliefs around money that may impact financial behaviors.
- A four-step framework is presented here to provide financial planners a guide to administer, assess, and deliver the KMSI-R inventory and results to clients.
- A case study provides planners an example of when to provide the assessment, how to introduce and frame it, how to deliver the results to encourage mutual understanding, and how to incorporate the findings into work with their clients.

The finanical planning profession is on the cusp of an opportunity to benefit from providing meaningful advice by addressing client behaviors and emotions.

McKinsey and Company estimates that upwards of $8 trillion will migrate to benchmark-hugging investment vehicles over the next few years.[1] Furthermore, Moody's forecasts that by 2023–2024, passive investment strategies will exceed 50 percent of the market share.[2] Market efficiencies are a contributing factor to a decreased ability to deliver alpha via active investment management (Kinniry, Jaconetti, DiJoseph, Zilbering, and Bennyhoff 2016).

Central to this money migration is advanced technology innovation and integration, resulting in downward pressure on fees charged by financial planners. As a result, the financial planning profession is under pressure as clients question the value of planners' work, especially in light of technological alternatives like robo-advisers that come with considerably lower price tags. In response, many financial planners are re-evaluating and re-calibrating their approach to align with the current environment and emerging trends. Herein lies an opportunity to reframe the financial planning conversation to one of providing *meaningful advice* over simply managing assets.

Moving forward, the financial planning profession could benefit from combining technical and financial competence with behavioral coaching, drawing from such emerging fields as behavioral finance, financial psychology, and financial therapy (Lawson and Klontz 2017). Making use of scientific advances in human decision-making and using tools available from the mental health field has the potential to engage clients in a new way, capturing their

hearts, minds, and loyalty in the process.

Considering the emotional and cognitive components of financial health (i.e., the interior aspects of money) adds an additional layer of intelligence relevant when maximizing decisions with clients (Klontz, Kahler, and Klontz 2016). This puts planners in the position of facilitators of a process of value engenderment during decisive moments over the life cycle of client relationships.

The "decisive moment," as described by French photographer Henri Cartier-Bresson in his 1952 book, *The Decisive Moment*, is the ephemeral, unexpected moment forever gone from our midst. In his words, "it is the simultaneous recognition, in a fraction of a second, of the significance of an event as well as precise organization of forms which give that event its proper expression" (Cartier-Bresson 1952, p. 15). It is during numerous, split-second occasions that financial planners can seize the opportunity or prepare for normal motivations for imperfect choices, the cost of which compounds exponentially over time.

Financial planners often measure success in investment terms. They measure growth in assets under management, return on investment, and financial performance, and they may assume their clients measure success in the same way. But often, clients do not. Kinniry et al. (2016) quantified the *source* of value from a client's perspective, concluding that the return on "behavioral coaching" implemented by an adviser can be 150 basis points, noting that other studies have placed similar values between 1 percent and 2 percent. They concluded that, "the discipline and guidance that an adviser might provide through behavioral coaching could be the largest potential value-add of the tools available to advisers" (Kinniry et al. 2016, p. 16).

However, financial planners and advisers often are not trained in behavioral coaching tactics, and this may lead to a disconnect between a client's needs and the planner's skill set. One way to fill the void in behavioral coaching tactics is through implementing techniques from the burgeoning field of financial therapy, which acknowledges the emotional, cognitive, and relational aspects of financial health[3] (Archuleta et al. 2012). When used in concert with a financial planning practice, tools from financial therapy can support direct client service work.

This paper provides financial professionals a tangible foothold into the field of financial therapy by providing a framework for implementing the Klontz Money Script Revised Inventory (KMSI-R), which has been empirically validated to identify beliefs around money that may impact financial behaviors (Taylor, Klontz, and Britt 2016). In addition, a case study based on an amalgam of the authors' experiences provide planners with a deeper understanding of the potential benefits of integrating the KMSI-R into practice.

## Literature Review

Within the discipline of financial therapy, the Klontz Money Script Inventory (KMSI) has been empirically validated to assist practitioners in identifying money scripts. Money scripts are underlying mental narratives clients may harbor—consciously or subconsciously—about their own money beliefs, and the resulting "money behaviors" that may or may not be obvious in client interactions.

KMSI was originally published in 2011 in the *Journal of Financial Therapy*; it assesses four types of money scripts through 51 statements, with Cronbach's coefficient alphas ranging from 0.70 to 0.84 (Klontz, Britt, Mentzer, and Klontz 2011). The assessment was revised in 2016 (Taylor, Klontz, and Britt 2016), reducing the number of statements from 51 to 32, making it more appealing for direct client use.

Lawson and Klontz (2017) introduced the idea of incorporating financial therapy techniques and assessments into the financial planning process. This paper builds on the recommendations of Lawson and Klontz (2017) by introducing a specific framework for incorporating the revised KMSI, KMSI-R, for financial planners who may not be as knowledgeable of financial therapy techniques. (The complete KMSI-R assessment is found in the appendix on page 54.)

Identifying underlying money scripts through use of the KMSI-R assessment will provide planners with greater insight into the psychological traits that may be impacting the financial planning process. The four primary money scripts of the KMSI-R examine a client's desire to avoid money issues (money avoidance), accumulate money (money worship), differentiate oneself from other socioeconomic classes (money status), or keep one's money issues private (money vigilance) (Klontz, Britt, Mentzer, and Klontz 2011).

This paper suggests introducing the KMSI-R assessment during the client discovery phase and using the results to inform the practitioner's financial planning practice. This will allow the planner to be more informed about the client's potential behaviors and beliefs and incorporate that understanding into the financial plan and client service model. Increasing knowledge around the behavioral coaching aspects of a planner's practice may enhance a client's perceived value of financial planning work.

## Likert Strengths and Weaknesses

It is important to consider the matter of subjectivity as it relates to the validity of client responses to assessments and questionnaires. This is especially important when measuring complex social attitudes, as a client may have difficulty accurately assessing themselves.

The KMSI and KMSI-R assessments were designed using a six-point Likert

scale wherein clients choose between several response categories, indicating various strengths of agreement and disagreement. Developed in 1932 by Rensis Likert, the Likert scale measures attitudes and assumes that the attitude presented is linear (on a continuum), unlike a dichotomous question where respondents are asked to decide whether they agree or disagree with a question (Likert 1932).

Typically, Likert scales contain five levels of response, ranging from (1) strongly agree; (2) agree; (3) neither agree nor disagree; (4) disagree; and (5) strongly disagree. The number of response categories can vary from five and 10, having little effect on the construct validity of the question (Dawes 2008). Assuming the scale is both valid and reliable, the client's attitude is measured by their total score in each category of script or behavior, which is computed by summing up his or her responses to each question.

Likert scales have limitations. Research has shown that the scales in Likert-type assessments are subject to uncertainty by the boundaries present in the response categories (Moser and Kalton 2017). In addition, central tendency (individuals may gravitate to the arithmetic mean, median, or mode), social desirability (individuals may not answer truthfully in order to be perceived in a positive way), and acquiescence response bias (individuals may face a tendency to agree with a statement when in doubt) can interfere with the accurate assessment of the client attitudes (Bäckström and Björklund 2013).

Despite these limitations, Likert scaling is the most widely used psychometric scale in survey research (Li 2013). These scales are popular because of their ease in construction, the numerical results are beneficial for statistical inference, there is good reliability, and it allows participants to quickly answer multiple items (Gliem and Gliem 2003; Li 2013).

Financial planners familiar with money scripts can use the KMSI to assess and intervene on dysfunctional financial beliefs and behaviors (Sages, Griesdorn, Gudmunson, and Archuleta 2015). However, to date there have been no standardized ways to introduce the assessments or results to financial planning clients. Each planner must determine the approach that works well for both the practice and for each individual client. Proposed here is a four-step framework to introduce the assessment and inform a planner's course of action.

Before moving through the four-step framework, consider how receptive a client may be to change. How a planner presents and delivers the assessment is dependent upon the client's current stage of change (Prochaska, Norcross, and DiClemente 1994).

## Stages of Change Model

Awareness that change is needed doesn't necessarily mean clients are prepared to do so. Research shows that only one in five clients is at the stage necessary to make actionable changes (Klontz, Kahler, and Klontz 2016). In becoming an effective facilitator, planners first understand the process of change; doing so will guide decisions regarding how and when to use the tools for facilitating financial health.

The six-stage change process occurs in the following order: pre-contemplation, contemplation, preparation, action, maintenance, and termination (Prochaska, Norcross, and DiClemente 1994).

**Pre-contemplation.** Pre-contemplation is evident when a client is unaware or in denial that a problem exists and insists that things are fine, regardless of the surrounding financial problems. A client in this stage might place the blame on others or make excuses for their behavior.

**Contemplation.** Once the client acknowledges that a problem exists, they have moved into the contemplation stage. They will begin gathering information and examining causes while considering the time and effort necessary to find a solution.

**Preparation.** Preparation or determination occurs when clients are ready to commit to change and make it a priority to resolve their financial problems. The client is now focused on the future benefits of resolving their issues and is open to creating an action plan for implementing change.

**Action.** Actual change in the action stage is visible when the client uses willpower to carry out the changes necessary in their plan. In this stage, the planner facilitates change by offering their client opinions and advice.

**Maintenance.** The maintenance stage begins once the client incorporates these new behaviors into their everyday lives. The key issue to avoid here is relapse into old behaviors. Planners can help clients avoid this common occurrence and establish consistency in new behaviors by offering support and help in finding better alternatives for previous behaviors.

**Termination.** The final stage in the process of change is termination, when the client is no longer in need of support. When determining a client's stage of change, it is important for the planner to remember that successful change is not measured by the validity of their advice or recommendations. Rather, the planner's ability to assess their client's readiness to change and use the tools designed to increase that readiness are the key factors to facilitating improved financial behaviors (Prochaska, Norcross, and DiClemente 1994; Klontz, Kahler, and Klontz 2016).

Using the stages of change model as a theoretical base, the four-step framework follows a logical progression (detailed below). The planner must first determine the ideal timing in the relationship to introduce the KMSI-R. Once determined, the planner will engage in

the following steps: (1) administer the assessment to the client; (2) analyze the results; (3) clarify the responses through dialogue with the client to ascertain the authenticity of the responses; and (4) incorporate the results into the financial planning process (or the work with the client more broadly) to enhance the client experience by adding value through an informed behavioral coaching approach.

### Step 1: Administer

The planner may administer the KMSI-R during the discovery phase. However, because of the potentially sensitive nature of the statements as part of each assessment, it often makes sense to administer assessments after trust and rapport are established with the client (Leach 2005). In general, trust and rapport may be established relatively early during the client relationship, but rarely (if ever) during the initial client meeting. (An example of when more meetings are required to establish trust before administering the assessment is provided in the case study.)

More commonly, the assessment may be administered during the second or third interaction with the client, after the rationale for including the assessment as part of a standard financial planning engagement has been thoroughly discussed. It may also be introduced early in the relationship but saved for use when client behaviors are inconsistent with their stated financial goals. These assessments—or reminding clients of these assessments—can be an effective way to begin a conversation with a client without raising the client's defenses.

Although they are seeking assistance, clients often have limited insights into the financial issues on which they will ultimately need advice. Unaware of the origins, clients may possess some awareness of their limiting behaviors but lack the skills necessary to overcome them on their own. In any professional relationship, observations are a helpful part of a discovery process. Delaying the administration of the KMSI-R until the relationship is established allows a planner to observe and non-judgmentally theorize on money scripts and held beliefs and to note money behaviors as described by the clients. This information, when compared with KMSI-R results, informs the client-planner relationship by being mindful of and alert for the disclosure or emergence of problematic behaviors, many of which can be predicted, in part, by the results of the assessment (Klontz and Britt 2012).

For example, compulsive spending behavior may interfere with client goals and is correlated with money avoidance (Klontz and Britt 2012), but clients may be hesitant to admit to these behaviors directly. Research has also found a link between money avoidance and financial dependence and financially enabling others (Klontz and Britt 2012). Understanding these links may prompt the planner to ask further questions based on the client's money scripts and provide a background for future use in problem resolution.

Financial planners commonly assume that clients are in the preparation or action stages of change and are therefore focused on the future benefits of resolving their issues and/or ready to take action (Horwitz and Klontz 2013). And, many financial planner training programs are based on cause and effect, which falsely assumes clients will follow through on recommendations based on rational, quantitative analysis. Such a model is outdated; it positions planners as "experts" of information in a view that is non-inclusive of the emotional intricacies clients have about money. It is incumbent upon planners to develop skills in effective listening and curiosity to encourage self-discovery within clients. Doing so can lead to co-leadership relationships, positioning clients as the "experts" of their lives, and allowing them to create solutions of their own that increase the likelihood of their acting upon recommendations.

The introductory language the planner uses to administer the assessment, as well as the setting for the assessment, may impact the effectiveness of the process. Planners can carefully craft the introductory language to ensure the client is informed about the purpose of the assessment, without biasing the results. This language could be shared verbally with the client and included at the top of each assessment. The following is an example of such language (which should be updated to reflect the authentic voice of each planner):

> *More and more researchers understand the impact the internal messages we have around money—our own money scripts—may have on our financial decisions, whether we are aware of the connections or not. These assessments are designed to help uncover those underlying money scripts and behaviors. As with all the information you share, these answers are confidential. The most useful responses are the ones that come to mind immediately, without censoring yourself. So, make sure to respond honestly, and we can talk through the results during a future session.*

It is important to randomize the order of each statement to avoid client grouping of responses. It is also advisable to design the layout of each assessment with consistent text, and planners may wish to brand the assessment to their own practice. In particular, it is advisable to avoid color-coding the statements to identify the underlying factor for clients. And, the authors of the assessment, Klontz, Britt, Mentzer, and Klontz (2011), must be credited and cited on any practitioner-created assessment.

It is also suggested that planners do not include the scoring key (see the appendix) on the assessment given to clients. Rather, planners can present the results of the scripts and behavioral

patterns to the client when appropriate. Without fully understanding the context of the scripts and behavioral patterns, clients may misinterpret the findings by self-scoring the results. However, planners should use their best judgment of a client's personality to determine if withholding the scoring sheet would be more harmful to the relationship.

The last assessment consideration relates to the setting. Planners should consider whether to administer the assessments in their office in conjunction with a meeting, or as a task to be completed by the client outside of the office setting. One method to administer the KMSI-R is to assign it as homework during the second meeting to be a conversation-starter in the third meeting.

Further research is required to ascertain the impact of various introductory language and style considerations of the assessments, as well as what, if any, impact the setting may have on client responses. Planners are encouraged to share their own experiences with the authors.

### Step 2: Analyze

Following the administration of each inventory, the next step is to analyze the results. The initial analysis is straightforward from a quantitative perspective; the assessment provides scoring sheets, score ranges, and language surrounding each script or behavioral pattern to describe the key points. But the analysis is not only a quantitative exercise. Planners may use the inventory results along with other analysis and evaluative work to ascertain the client's financial status and readiness to change. Such findings may also inform the planner's understanding of the client as a whole person, rather than simply as a financial snapshot.

To analyze the client's assessment, the planner can employ a system of scoring the inventory to identify the predominant and secondary money scripts, reviewing inventory questions germane to these scripts, considering the answers per the Likert scale for intensity, and preparing open-ended questions for conversation and clarification with the client. Through this process, the planner may discover that the secondary money script is impacting financial behaviors more than the primary money script.

### Step 3: Clarify

Because these inventories are meant to be starting points for conversations with clients, rather than prescriptive paths for clients to follow, the planner should use the quantitative and qualitative results to prompt a conversation with the client to clarify the results.

Planners may use a variety of techniques to clarify the responses. Open-ended questions invite clients to share additional context for responses, without necessarily referencing the responses in a specific way. It is beneficial to avoid directly questioning a response, especially those with yes or no answers.

**Example:** "I see you responded to No. 25 on the assessment by saying you 'strongly agree' with the statement. Does that sound right to you?" This approach is likely to create resistance in the client. Instead, use open-ended questions that invite the client to share context: "I see you responded to No. 25 on the assessment by saying you 'strongly agree' with the statement. How do you think that influences how you talk about money with others in your life?"

Or, rather than questions, use statements, which are likely to elicit even less client resistance (Miller and Rollnick 2012; Klontz, Kahler, and Klontz 2016).

**Example:** "Sometimes it can be hard to resist the temptation to help your son." Such clarifying statements or questions add qualitative information to the planner's understanding of the client's internal financial narratives and the (potential) behaviors that may result.

Planners are encouraged to clarify inventory answers conversationally to elicit thoughts and memories and trigger possible solutions. A planner may endeavor to ask clients about their thoughts on money worship statements in the KMSI-R where they answered "strongly disagree" or "strongly agree."

**Example:** In reference to statements 11, 15, and 16 on the KMSI-R, a planner may ask, "In addition to money solving all problems, are there other things that may do this as well?" Or, "If not money, what buys freedom?" Or, "What makes people financially happy?" Keeping the money worship statements in mind, this script may indicate overspending (Klontz and Britt 2012).

The descriptions and experiences that clients share enhance the client-planner relationship and inform the financial planning process. Inventory results are shared in a descriptive way during the fourth meeting so as not to use the script and behavior results as labels. Words such as worship, status, avoidance, and vigilance conjure different meanings to different clients that may mislead and distract from the point. By delivering the results in a descriptive, rather than prescriptive way, clients are poised to respond favorably to a planner's suggestions in the specific financial planning phases of implementation and monitoring.

This clarifying process also offers the planner the opportunity to determine how extreme a behavior may be, particularly if it is not immediately obvious in in-person interactions, such as hoarding behaviors. If a client's assessment results indicate behavioral tendencies toward hoarding money or things, the planner may use clarifying questions to help determine whether the behavior is present, and if it is, to what extent it may impact the client's daily life.

Such questions or statements may include: "Tell me about your three most favorite possessions," or, "Some clients find it hard to get rid of certain items."

Planners can listen carefully to the client's responses and use their observations to inform the financial plans they create.

Additionally, planners may ask or state amplified versions of the questions or statements to gauge the client's reaction (Klontz, Kahler, and Klontz 2016). For instance, stating, "It seems like you don't really track your spending closely," to someone with a money vigilance script may elicit a negative or defensive response. Such an approach may work with certain clients, while others may find it off-putting, depending on their stage of change. Still others may confess to not actually tracking spending well, but aspiring to track spending well, thus informing the planner that the scripts may apply to the aspirational version of the client, rather than the client's current state.

An awareness of a client's aspirational goals may inform the planner's delivery of the financial plan during the last step of the framework.

## Step 4: Incorporate

The final step in the framework is to incorporate the planner's findings into the financial planning process. Findings may be incorporated subtly through passing references or gentle nudges, or more overtly through deliberately structured exercises, depending on the planner's comfort level and the nature of the findings. Such incorporation is likely most effective when a client presents in the action stage of the stages of change model (Klontz, Kahler, Klontz 2016). Introducing incorporation when the client is in the preparation stage of change may be helpful to acclimate the client to the exploratory nature of the assessment, but the preparation stage is likely too early for assessment findings to resonate.

Above all else, the assessment results are meant to assist the planner in gaining a deeper understanding of the client by identifying potential barriers to financial growth and potential behavioral pitfalls that the planner can help the client navigate and transcend. As the client-planner relationship evolves, the planner may continue to incorporate behavioral knowledge and motivational understanding to continuously revise and update the financial plan as appropriate. Planners may consider administering the KMSI-R assessment periodically throughout the relationship, particularly if a client has modified one or more behaviors.

## The Framework in Action: A Case Study

This case study is an illustrative accounting of an amalgam of clients. Real examples of events that occurred are used, but should not be construed as any one individual's experience to protect confidentiality. The case study demonstrates the four-step framework to introduce the KMSI-R to traditional financial planning clients who may not be as receptive to exploring interior financial work or may not be aware of its benefits.

**Step 1: Administer.** The KMSI-R was introduced more than 10 years into the planning relationship with Claire, after she began exhibiting a pattern of loss aversion bias and anxiety during times of increased market volatility. The planner decided she needed to better understand the rudiments of her money scripts and how anxiety-producing any threat to her financial security would be for her. In the initial stage of their relationship, the planner observed it was best to delay administering the KMSI-R until a deeper relationship had been established. Claire was warm and personable in discussions about herself and important life areas, yet guarded and resistant when asked for financial details.

The media dubbed January 2016 as the "the worst start in Wall Street history" (Samson and Badkur 2016). This prompted a call from Claire's husband to the financial planner. He shared the signs of financial anxiety he was seeing in Claire. Administering the KMSI-R seemed a helpful tool to introduce at that moment. This served to both help the planner and Claire understand where Claire was coming from in terms of her anxiety.

**Step 2: Analyze.** Scoring the KMSI-R is straightforward, but as mentioned earlier, it is important for planners to use the inventory results along with other subjective and objective data. After scoring a client's KMSI-R, planners may find it helpful to refer to the November 2012 *Journal of Financial Planning* article, "How Client's Money Scripts Predict their Money Behaviors" (Klontz and Britt 2012) for an in-depth review of the research on money scripts and associated financial outcomes and behaviors. Doing so may help translate a client's quantitative scaled scores to the real-world meaning of the scores.

Claire's KMSI-R score showed her to be money vigilant. Research, including Klontz and Britt (2012) shows the money vigilant script to be protective against destructive financial patterns, but also indicative of higher degrees of anxiety around money. While protective, money vigilant clients may be susceptible to emotional and cognitive biases, such as loss aversion or confirmation bias to ease their anxiety. Analyzing Claire's assessment results were consistent with the high levels of anxiety she exhibited and her suggestion to sell out of the market. This informed the practitioner's understanding that Claire was triggered by her money vigilant script to limit her losses; an emotional impulse instead of a logical approach.

**Step 3: Clarify.** Delivery of the KMSI-R results is an opportunity for new discoveries by both the client and the planner. In place of labeling the client by way of specific money script names, clients can be informed of their results through a series of open-ended questions, reformatted from the ones asked on the KMSI-R.

Statement 28 is: "It is important to

save for a rainy day." Claire's planner felt that this point was key to understanding Claire's financial anxiety. The planner spent extra time on this question, rephrasing it to confirm an answer: "Would you agree it's important to prepare for the future?" "Why do you think this is so important to you?" "Has there ever been a time funds were not available in an emergency?" "What are your friends and co-workers doing in reaction to the markets right now?" "Do you think their decisions are influencing you?" These questions clarified Claire's awareness of her current anxiety of potentially losing her financial portfolio.

**Step 4: Incorporate.** A planner's most effective and influential work may be helping clients in the moments following an emotionally triggering event. Such was the case in the summer of 2016 as the United Kingdom voted to leave the European Union, otherwise known as "Brexit." At this news, Claire called her planner. Pervasive market news can fuel emotions, which can predispose clients to want to act. It is natural to feel threatened and emotionally overpowered by these circumstances, especially to someone like Claire who has a money vigilant script (Klontz, Britt, Mentzer, and Klontz 2011).

Rather than protesting, the planner listened in a sincere attempt to understand what Claire was reacting to in her life. Playing the part of a Socratic teacher (Norcross, Krebs, and Prochaska 2011) to encourage an open dialogue, the planner suspended all judgment about what Claire shared and expressed curiosity about how she was feeling.

To reinforce that Claire was being heard, the planner used the listening technique called "reflection" (Klontz, Britt, and Archuleta 2014). In reflection, one repeats what is spoken, allowing the other person to confirm and/or clarify. The process is repeated until the person feels fully heard and understood. Eventually this give and take allows the planner to gently guide the conversation toward asking questions. Through this process, Claire was able to learn the positive and negative consequences of getting out of the market and start to consider alternatives to selling.

Toward the end of the call, Claire began talking herself out of selling and agreed to check in with the planner the following day. Facilitated by listening and reflection, the client progressed rapidly from pre-contemplation through the action stage of the stages of change model during this initial phone call. She was aware that market conditions triggered a strong desire to act, yet was unaware of why her feelings were so strong. Through conversation, she was able to process her anxiety and relate it to extreme "if this, then that" scenarios such as, "If the market turns and never recovers, I won't be able to retire."

Switching to the role of experienced coach (Norcross, Krebs, and Prochaska 2011), the planner and Claire agreed to

a plan during the subsequent call. Having lost some investment return, Claire conditionally agreed to stay invested until her accounts recovered. Outside of the norm, her planner agreed to track her account daily, closely monitor the volatility in her accounts and proactively report on account progress. Frequent communication helped reduce her stress and emotions, and the planner began framing the conversation by presenting performance information in broader periods of time to take the focus off the short term. An ongoing, conscious effort was made to compliment Claire's decision to stay invested and noted her courage in doing so.

As time passed, the urgency of the situation faded and the market recovered and reached new highs. Over the 12 months following her initial phone call, her account earned more than $225,000. Had her money vigilance script been undiscovered and unacknowledged by the planner, exiting the market had the potential to cost Claire $1 million (projecting $225,000 over her life expectancy).

Only in hindsight can the implications of imperfect choices be identified as the decisive moments that they are.

## Implications for Planners

By following the four-step approach presented (administer; analyze; clarify; and incorporate) for using the KMSI-R with clients, planners will be poised to identify and understand clients' underlying financial messages—their money scripts.

Planners can share this tool (see the appendix on page 54) with clients during the discovery phase of the engagement, once trust and rapport have been established and when the client seems receptive to this conversation. Planners can use follow-up conversations to clarify their understanding of the client's scripts, and implement that understanding into their ongoing work with clients. By better understanding a client's point of view, planners may better anticipate client resistance or impulses, enabling them to spend more time working with clients effectively, and less time being frustrated by client behavior.

## Future Research

Specific areas for further study identified in this paper include research on the layout, coloring, and text of the assessments. Another area for future research relates to the most effective setting in which to administer the assessment. Practitioners would also benefit from research exploring when would be the most effective time in the relationship to use the assessments. Further research could also include the introductory language the practitioner uses to begin the assessment, both verbally and in writing. Additional case studies to illustrate the use of aspects of financial therapy in practice would enhance the profession's understanding of optimal practices as part of this framework.

## Conclusion

By sharing experiences, tools, and client results, including within the relatively young practice of financial therapy, planners can expand the positive aspects of the financial planning profession while developing best practices. For financial planners interested in using financial therapy tools, it would be to their benefit to explore their own beliefs about money. Before introducing any assessments to clients, the planner should take the assessment as part of their own self-discovery. They may unknowingly identify underlying money scripts or potential money behaviors that may affect the advice offered to clients. Planners will also be more capable of speaking authoritatively about the process of taking the assessments, having completed them themselves. Planners may be surprised by what they learn about themselves and their own relationship to money. ■

## Endnotes

1. See the November 2016 report, "Thriving in the New Abnormal: North American Asset Management" by McKinsey and Company, available at mckinsey.com/industries/financial-services/our-insights/thriving-in-the-new-abnormal-north-american-asset-management.
2. See the February 2, 2017 report, "Passive Market Share to Overtake Active in the U.S. No Later than 2024" by Moody's Investor Service, available at www.n3d.eu/_medias/n3d/files/PBC_1057026.pdf.
3. See the Financial Therapy Association's website, financialtherapyassociation.org.

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## Appendix

### Klontz Money Script Inventory-Revised (KMSI-R)

Please indicate how strongly you agree with the following statements using the following scale:
**1 = strongly disagree, 2 = disagree, 3 = disagree a little, 4 = agree a little, 5 = agree, and 6 = strongly agree**
Use the scoring system below to determine how closely you identify with certain money scripts.

| | | 1 Strongly Disagree | 2 Disagree | 3 Disagree a Little | 4 Agree a Little | 5 Agree | 6 Strongly Agree |
|---|---|---|---|---|---|---|---|
| 1. | I do not deserve a lot of money when others have less than me. | | | | | | |
| 2. | Rich people are greedy. | | | | | | |
| 3. | People get rich by taking advantage of others. | | | | | | |
| 4. | I do not deserve money. | | | | | | |
| 5. | Good people should not care about money. | | | | | | |
| 6. | It is hard to be rich and be a good person. | | | | | | |
| 7. | The less money you have, the better life is. | | | | | | |
| 8. | Money corrupts people. | | | | | | |
| 9. | Being rich means you no longer fit in with old friends and family. | | | | | | |
| 10. | Things would get better if I had more money. | | | | | | |
| 11. | More money will make you happier. | | | | | | |
| 12. | It is hard to be poor and happy. | | | | | | |
| 13. | You can never have enough money. | | | | | | |
| 14. | Money is power. | | | | | | |
| 15. | Money would solve all my problems. | | | | | | |
| 16. | Money buys freedom. | | | | | | |
| 17. | Most poor people do not deserve to have money. | | | | | | |
| 18. | You can have love or money, but not both. | | | | | | |
| 19. | I will not buy something unless it is new (e.g., car, house). | | | | | | |
| 20. | Poor people are lazy. | | | | | | |
| 21. | Money is what gives life meaning. | | | | | | |
| 22. | Your self-worth equals your net worth. | | | | | | |
| 23. | If something is not considered the "best," it is not worth buying. | | | | | | |
| 24. | People are only as successful as the amount of money they earn. | | | | | | |
| 25. | You should not tell others how much money you have or make. | | | | | | |
| 26. | It is wrong to ask others how much money they have or make. | | | | | | |
| 27. | Money should be saved not spent. | | | | | | |
| 28. | It is important to save for a rainy day. | | | | | | |
| 29. | People should work for their money and not be given financial handouts. | | | | | | |
| 30. | I would be a nervous wreck if I did not have money saved for an emergency. | | | | | | |
| 31. | You should always look for the best deal before buying something, even if it takes more time. | | | | | | |
| 32. | It is extravagant to spend money on oneself. | | | | | | |

### Scoring Procedures

Place the point value on the line corresponding to the item below. Add the points in each column and divide them by the number of items to determine the average score.

| Money Avoidance | | Money Worship | | Money Status | | Money Vigilance | |
|---|---|---|---|---|---|---|---|
| 1 | | 10 | | 17 | | 25 | |
| 2 | | 11 | | 18 | | 26 | |
| 3 | | 12 | | 19 | | 27 | |
| 4 | | 13 | | 20 | | 28 | |
| 5 | | 14 | | 21 | | 29 | |
| 6 | | 15 | | 22 | | 30 | |
| 7 | | 16 | | 23 | | 31 | |
| 8 | | **Total:** _______ /7 = _______ | | 24 | | 32 | |
| 9 | | | | **Total:** _______ /8 = _______ | | **Total:** _______ /8 = _______ | |
| **Total:** _______ /9 = _______ | | | | | | | |

## Appendix (continued)

### Scale Interpretation

Scores ≤ 2 suggest you do not exhibit the money script. Scores between 2 and 3 suggest you may endorse one or more beliefs associated with the money script (this may warrant a review of the individual scale items). Scores between 3 and 4 suggest you exhibit some characteristics of the money script. Scores > 4 suggest you exhibit many characteristics of the money script.

**Money Avoidance**

9–18 = Your response style suggests that you do not have a problem with money avoidance.
19–27 = Your response style suggests that you exhibit one or more symptoms of money avoidance.
28–36 = Your response style suggests that you are at risk of developing money avoidance.
37–54 = Your response style is similar to a person who suffers from money avoidance.

**Money Worship**

7–14 = Your response style suggests that you do not have a problem with money worship.
15–30 = Your response style suggests that you exhibit one or more symptoms of money worship.
31–38 = Your response style suggests that you are at risk of developing money worship.
39–49 = Your response style is similar to a person who suffers from money worship.

**Money Status**

8–16 = Your response style suggests that you do not have a problem with money status beliefs.
17-24 = Your response style suggests that you exhibit one or more symptoms of money status beliefs.
25–32 = Your response style suggests that you are at risk of developing a money status belief.
33–48 = Your response style is similar to a person who suffers from money status beliefs.

**Money Vigilance**

8–16 = Your response style suggests that you do not have a problem with money vigilance.
17–24 = Your response style suggests that you exhibit one or more symptoms of money vigilance.
25–32 = Your response style suggests that you are at risk of developing a money vigilance.
33–48 = Your response style is similar to a person who suffers from money vigilance.

Source: Klontz, Bradley, Sonya L. Britt, Jennifer Mentzer, and Ted Klontz. 2011. "Money Beliefs and Financial Behaviors: Development of the Klontz Money Script Inventory." *Journal of Financial Therapy* 2 (1): 1–22.

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