

Psychotherapy Guidebook



**MONEY THERAPY**  
THROUGH  
**FINANCIAL**  
**COUNSELING**

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# **Money Therapy Through Financial Counseling**

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e-Book 2016 International Psychotherapy Institute

From *The Psychotherapy Guidebook* edited by Richie Herink and Paul R. Herink

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# Money Therapy Through Financial Counseling

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## DEFINITION

Money Therapy Through Financial Counseling is a learning process by which the patient is enabled to cope with his financial problems and prevent money worries through effective management of money. Patients reduce money worries, not by temporary handouts of money, but by taking appropriate action to handle specific situations. As they learn to plan, set money goals, and realize some of those goals, their worries and negative attitudes tend to be replaced by positive ones.

## HISTORY

Until recently few psychotherapists have dealt directly with the patient's money worries as these were considered mere symptoms of psychological problems and incidental to more fundamental difficulties. Recognition that money problems of patients cannot be ignored was sparked by the 1961 financial report of the Joint Commission on Mental Health. "To enable the patient to maintain himself in the community in a normal manner" was the stated objective of the Joint Commission. This objective cannot be

realized unless patients learn to manage the money needed for everyday living. Increased concern for Money Therapy is reflected in money therapists' participation in programs of rehabilitation at some mental hospitals and clinics, a Veterans Administration hospital, and other rehabilitation facilities including a Halfway House. Some private psychiatrists, clinical psychologists, and marriage counselors refer patients to financial counselors for Money Therapy. The Menninger Clinic handles money problems of patients as an integral part of resident therapy and aftercare programs. In their life adjustment training, three mental health centers in Wisconsin and one in Nebraska include some Money Therapy to enable patients to develop shopping skills.

By 1970 the interest of psychotherapists in Money Therapy had developed to the extent that 130 therapists requested reprints of the article by Potter and Stanton, "Money Management and Mental Health," in *American Journal of Psychotherapy*. These and other therapists, including clinical psychologists and alcoholic counselors, were asked in 1973 to answer questions regarding the role of financial counseling in therapy for emotionally disturbed or impaired adults. Eighty percent of the 230 respondents to the mail questionnaire agreed with the survey statement, "Financial counseling can contribute to the mental health of emotionally disturbed or impaired adults who have the capacity to handle money by reducing financial stress." (Jacko, 1975) Seventy-seven percent agreed that "financial counseling can

help emotionally disturbed or impaired adults build up defenses against impulsive and compulsive buying.” The role of financial counseling in reducing the stress of excessive indebtedness was considered by the respondents to be especially relevant to therapy, as were marital disputes over money. The majority of psychiatrists and clinical psychologists favored giving the regular therapist the major responsibility for Money Therapy, while the other respondents favored a specially trained financial counselor.

## TECHNIQUE

Through his experience and knowledge the financial counselor becomes the intervening medium in the patient’s arena of money problems, enabling the patient to better define and achieve money goals. A patient may be assisted in wiping out debt worries by lowering his level of debt through careful planning and greater control over compulsive and impulsive spending. A patient may reduce money worries by learning to shop more carefully, by seeing how he can provide for more of his needs through his own efforts, and by finding ways of increasing his net income.

Mindful of the patient’s need for self-respect and freedom, the money therapist assists the patient in recognizing and weighing alternatives. He helps the patient secure the facts, evaluate these, and make choices that give satisfaction and not regrets. Dialogue is cultivated to motivate the patient to

acquire more effective money practices. A contract, signed by both therapist and patient, may contribute to the cooperation needed to achieve the goals of the Money Therapy. Case records are important to give direction and present an organized picture of relevant information.

Intervention in a money crisis is short-term therapy. It is exemplified by the alcoholic patient who was too preoccupied with financial problems to cooperate in a resident program of rehabilitation. His repossessed truck contained all his construction tools and equipment to which the creditor had no claim. His repeated phone calls to the creditor to obtain his rightful property were to no avail, but one call by the money therapist brought a prompt return of the tools and equipment.

Achieving better money management requires a longer period of therapy. Once goals and strategies are set, progress is assessed with guidance and encouragement by the therapist until the patient makes money his servant and not his master. While six to eighteen months of therapy are usually sufficient, it was five years before one emotionally disturbed patient was able to save for her annual vacation instead of allowing each vacation to create intolerable debt worries.

## **APPLICATIONS**

Adults with financial worries tend to respond better to psychotherapy if



financial distress is reduced through Money Therapy. Also, the call for help may be initiated by a financial problem that calls for Money Therapy.

Money Therapy is not for those who lack the capacity to manage money, such as the severely retarded or schizophrenics. For alcoholics it is not applicable during the drying-out period, but can be integrated with both in-patient and out-patient rehabilitation. Money Therapy is most effective with those between the ages of sixteen and sixty. However, money crisis intervention is important for the elderly, especially in helping them obtain redress for deception and fraud.

Since money problems have been found to be a factor in over half of all marital disturbances, Money Therapy is also useful in marriage and family counseling. The money therapist who helps a family develop an operative family financial council can bring about improvement in communication between children and parents and thereby reduce family tensions. Money Therapy can contribute greatly to a reduction in mental illness, as a “substantial fraction of all stress factors that precipitate mental illness in American society is economic in origin.” (Brenner, 1973)