

Mad Money

by Andrew Adam Newman | Dec 21 2007

For wealthy families struggling with the emotional issues of having money and who are wary of raising the next Paris Hilton, financial-services firms are increasingly turning to "wealth psychologists" for guidance.



James Grubman, wealth psychologist

Photograph by: Carl Tremblay

An executive in his seventies wanted to give \$5 million to each of his three adult children, but the situation was more complicated than just calling his financial planner to figure out how. Because one son had a history of alcoholism—as well as unemployment and extravagant spending—the father worried not just that he would squander the money, but that he might drink himself to death.

The client contacted psychologist James Grubman, who recommended that the son gain access to the money at the age of 40—but only after demonstrating that he had remained sober for the prior three years, saved a portion of his income, and maintained stable relationships. To be equitable, Grubman recommended that the client's other children be subject to the same stipulations.

"They were seeking me out as a consultant to help them craft an estate plan that's going to be fair and, kind and yet reflects the realities of the family situation," says Grubman.

A psychologist doling out financial advice? But Grubman and those like him are not ordinary psychologists. A growing field of psychologists who specialize in treating issues surrounding money and wealth are increasing in demand by the newly wealthy and the financial-services firms eager to advise them.

☑ [J.P. Morgan](#), ☑ [Citigroup](#), ☑ [Merrill Lynch](#), ☑ [Wachovia](#), and ☑ [Wells Fargo](#) have all recognized the demand for more than mere financial advice and have added staff or contract consultants with psychological training. If they aren't meeting with clients directly, the wealth psychologists train financial planners themselves to become armchair psychologists so that they can probe and help resolve their firm's clients' money-related compulsions and anxieties. As Grubman notes, with an estimated 80 percent of millionaires being non-inheritors who grew up middle class, "the land of wealth is primarily inhabited by immigrants, not natives."

Cheryl R. Holland, president of Abacus Planning Group in Columbia, South Carolina, a firm with clients worth as much as \$100 million, has hired Grubman to train her advisers. "Some of our clients overspend, and that has been a real problem for us," Holland says. "One of their goals when they come to us is to not run out of money—and they agree to spend X, but then they spend two or three times that."

Working with Grubman has taught Holland to view overspending as an addiction like any other, and she knows now to not just reinforce financial goals, but also to address her clients' subconscious demons—and occasionally refer those with more pathological problems to someone like Grubman.

Along with counseling the newly wealthy on the guilt that can accompany prosperity and on how to handle friends and relatives who hit them up for loans, wealth psychologists help clients with anxiety around investing money or passing it along to their children. "Every family of wealth says, 'Tell me how to have my kid not turn out like Paris Hilton,'" says Grubman.

"Most everyone is highly biased against the wealthy," adds Stephen Goldbart, who, along with Joan DiFuria, runs the [Money, Meaning & Choices Institute](#) in Kentfield, California, which offers wealth-psychology training to financial professionals, in addition to working directly with individual and families. During the mid-'90s dotcom boom, the two coined the term "sudden wealth syndrome" for the unexpected emotional and identity crises that can accompany windfalls.

Daniel Dunn, a financial adviser with Merrill Lynch's private banking group in New York, where customers' account balances start at \$10 million, has participated in wealth-psychology training with DiFuria. Now when he first sits down with prospective clients, he does not talk about interest rates or market volatility or his company's services. Rather, Dunn's initial questions are, "What concerns you?" and "What keeps you up at night?"

Wells Fargo has hired the [Wealth Legacy Group](#) to keep regular hours in their wealth-management offices in San Francisco. And they offer retreats for families where they can develop mission statements, goals, and strategies.

Being rich isn't always easy, and for some, it's the worst burden to bear. Grubman once worked with a woman—whose wealth stretched back several generations—who was out as a lesbian but extremely private about her affluence. "One time, she said, 'You know, I was always much more ashamed of being rich than being gay,'" Grubman says. "There is no sympathy for people struggling with issues around being wealthy. The classic line, 'I wish I had your problems,' shuts down conversations immediately."

