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PERSONAL FINANCE

The Angst Of Newfound Riches

Wealth can be overwhelming. Now there's a new breed of counselor to help.

When Thomas and Joan came into some money, $30 million to be precise, they were overwhelmed, and not in a good way. "We were shell-shocked, embarrassed, and kind of miserable instead of being overjoyed," Thomas says. This dramatic turn in their affairs, which resulted from the sale of a private company in which Joan held a sizable stake, left the couple suffering from a clear case of "sudden wealth syndrome." So they turned to James Grubman, a psychologist who works with several financial advisory firms, including theirs, for help. "We couldn't talk with anyone else. The stresses money brings on are not particularly sympathetic," says Thomas.

Grubman counseled them not to make any decisions about the money or their work lives for one month. "You lose your purpose when you suddenly don't have to strive anymore," says Thomas (a pseudonym, as with all the clients in this story). "Jim guarantees that we will feel differently about all of this in a year. So far he's been very accurate." Early on, Grubman helped Thomas resist an impulse buy: a piece of real estate he thought he could build luxury homes on, which he now says would have been a bad investment. The psychologist also coached the couple about how to talk to their kids about the money and encourage the two older ones to continue their graduate studies.

We all know that money is an emotionally charged subject. Families disintegrate over it, kids go astray, friendships are strained. No one wants to talk about salaries, inheritances, or windfalls, and having more money than you expected can seem almost as difficult as having less.

Now more well-off people want their psychological concerns about money acknowledged and addressed. And number-crunching planners, looking for an edge, are newly disposed to learning how to do some right-brain-thinking. Advisers at a small but growing number of firms are seeking out psychologists experienced in dealing with money issues to counsel them on certain cases, and sometimes work directly with clients. "Some advisers understand that it's a helping profession, like health care, where people come to you for what you know but want you to have a good bedside manner, too," says Grubman, who also teaches a course on psychology and financial planning at the McCallum Graduate School of Business at Bentley College in Waltham, Mass.

He and others who practice what's called wealth counseling believe it doesn't take much guidance to turn a highly analytical person into an emotionally intelligent one as well. "Advisers need to be trained not only how to ask questions, but how to manage their own anxiety about asking," he says. "But they don't need to be as adept at it as you would think. You just have to be able to listen, put clients at ease, express support."

Some advisers can't imagine probing the emotional lives of their clients, and certainly there are therapists who don't think the advisers should, either. As Holly Isdale, managing director of Lehman Brothers Wealth Advisory Services (LEH), says: "My role is not to get into why your mother hates you. But I will ask how you think about your wealth or how you introduce wealth into family discussions."

DETRIMENTAL EFFECTS

The most consuming concern for many of the wealthy is how to dole out money without spoiling the kids. Roy Ballentine, whose firm Ballentine, Finn & Co. in Wolfeboro, N.H., serves the ultrawealthy, tells of one family that ran into trouble. The oldest son, who was in college when his parents came into real money, was unaffected: He graduated and was admitted to an MBA program. The other children seemed to lose their way. The second son dropped out of college; the youngest was a sophomore at age 21. Their relationships with their parents deteriorated, too. "The parents were giving the kids money to do whatever they wanted, instead of having to work for the money. They thought it was character-building, but it was having the opposite effect," says Ballentine.

After reviewing the parents' finances, he realized they would soon be facing a $100,000 gift tax bill as a result of their generosity. That prospect made devising a solution all the more urgent. The parents decided to diminish the kids' allowances over a year, then set goals they would have to achieve to tap into their trust funds. Even then, they could use the money only for specific purposes. "We coached the parents about how to explain the situation to the kids so it doesn't seem like punishment, that these changes are going to help their relationships," says Ballentine, who has hired Grubman to work with his staff. The kids got it, Ballentine says. "I wouldn't say the problem is solved. But everybody is a lot happier."

David and Carol, clients at Lexington Wealth Management in Boston, were also contending with unexpected wealth when they made the unusual request of their adviser, Michael Tucci, that he be a trustee of their estate. In their case, although the amount of money was considerable (they have a net worth of about $10 millon), it was less than David's two grown daughters thought it would be. A second-generation family business had fallen on troubled times, and David sold to the first buyer who happened along. Then came another distressing turn for the daughters: When their grandmother died, her money went to their father and his younger, second wife. Disappointment and frustration hovered over the family, unremarked upon.

Tucci had been coached by a wealth counselor, Szifra Birke, about how to read between the lines. Before he organized a retreat at David's lakeside cabin to discuss the family finances with the daughters, Tucci asked his client: "Am I at liberty to scratch the scab a little bit?" He was. He eventually asked the daughters: "How do you feel that your grandmother's money went to your father and his new wife instead of to you?" That led to tears and some discomfort. "Then the daughters said: 'We don't want to be greedy, but it makes us feel like you care more about her than us.' David never knew that," says Tucci.

Eventually, David and his adviser figured out a compromise that suited everyone. "It was easier to have someone else there," says David. "Mike could say some things that would have been more difficult for me to say."

By Susan Berfield