

Money, Wealth and Identity

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John is a 43-year-old software entrepreneur whose startup company produced stock options worth \$45 million. He took his options and left the company, spending a year buying everything he had always dreamed about: a vacation home in the Caribbean, a sailboat, a larger family home, and every electronic toy he wanted. But financial success and the freedom to do whatever he wanted did not turn out to be a bed of roses. He observed:

“Having money has turned out to be more emotionally complicated than I could have ever imagined...I feel uncomfortable with some of the comments and reactions I’m getting from people...I should be happy, but deep inside I feel something is missing. Now that I have the option to spend my time any way I choose, I’m no longer sure of what I really want to do. I used to tell myself I would do all sorts of things, ‘if only I had the money.’ I’ve bought all the toys I’ve wanted. Now I have to face the truth: I really don’t know what’s important to me.”

Karen was a 46-year-old heir from a wealthy family. She drifted through college, but felt that she had no real motivation or interest in learning or finding a career. Knowing that she had a trust fund, she felt inhibited by her money. She didn’t know what she wanted to do. She drifted, becoming involved in spiritual and personal development groups. She felt exploited by some of them as they found out about her trust fund. After a while, she heard about a self-help group for heirs, which met to talk about their feelings of confusion and difficulty in finding a path and making choices. She became actively involved in financing community groups. Over time, she has found a deep sense of satisfaction in working for several socially active groups in her community, using her inheritance thoughtfully and judiciously, and finding her own sense of identity and productivity in these activities.

Sylvia, a successful 47-year-old advertising executive whose unexpectedly large inheritance increased her life choices but caused a downturn in her relationships, says:

“I’m excited about the freedom and opportunities that my inheritance affords me but I’m afraid to show my excitement because I might turn off my friends...even my closest friends to whom I can usually speak freely about everything from my work life to my sex

life. Now I fear that my recent purchases and travels will only trigger envy and jealousy.

...I even feel constricted with my husband. He's excited, but we both wonder whether this money will affect the power balance in our relationship. I never thought that the benefits of wealth would be so troublesome!"

The last ten years of the twentieth century saw an unprecedented growth of wealth in the United States. Even with the economic downturn of the new millennium, people like John, Karen and Sylvia, minted with financial independence at younger ages, are facing enviable life choices. Included in the rising tide of new wealth are a growing number of people, most of them baby-boomers in their 50s, who are coming into sizable inheritances, selling their businesses, or just harvesting the results of their good work and good fortune, giving them room to consider other options. In each case, they have more wealth than they ever imagined; in many cases, it has had unintended consequences in their lives, both positive and negative.

They are finding that money leads them to confront difficult and challenging questions such as:

- What can I do to feel productive?
- How much money is enough?
- How much of my assets do I want to spend on things for myself?
- Do I dedicate time and money to philanthropy?
- How can I raise my children to appreciate the value of work and money?

Having arrived at an unprecedented crossroads, this fortunate cohort and their heirs are forced to come to terms, sometimes for the first time, with their attitudes towards money and are struggling with its impact on their life. Eight years ago, we started seeing these issues in our practice at the Money, Meaning and Choices Institute in the San Francisco Bay Area (www.mmcinstitute.com). We coined the term "Sudden Wealth Syndrome" to describe the emotional challenges and identity issues consequent of coming into money. Many people have come to us suspecting that, with their primary focus on work and financial gain they have lost their moorings somewhere along the way. Unlike those who come from "old money," many of our clients have not grown up with wealth and therefore are not well equipped to deal with both its challenges and opportunities. The experiences of sudden wealth include anxiety and overconfidence as well as guilt and depression, as people come to terms with their good fortune.

This chapter explores how the acquisition and experience of money varies in accordance with the core psychological attitudes and beliefs that comprise what we call "Wealth Identity." We

present a developmental model of wealth identity and of the dynamics of establishing a balanced relationship with wealth and money in one's life, share case vignettes to illustrate its meaning and potential applications of the model, and conclude with some of the implications of the model for helping people come to terms with their privilege and use their wealth for socially responsible, and personally fulfilling, outcomes.

While we focus on an affluent group who represent less than 1% of the U.S. population, and even a smaller percentage in the world, we do not want to neglect or minimize the issue of wealth distribution. Our concern here, however, is on the choices that this select group makes about using their wealth. It is our hope that, in light of this special focus, people of privilege will make choices that include a substantial commitment to social issues and giving in light of their special fortune.

Money as a Challenge to Personal Identity

The psychological challenges of having and inheriting money are amplified by social and cultural beliefs about wealth. In a society where big money is touted as the cure to life's problems, it is hard to readily recognize or have much sympathy for those who suffer from a windfall. Most people only dream of having such problems. But we face a huge dilemma coming up against the limitations of most people's view of the American Dream, which is: "If I had all the money in the world, I would be happy and fulfilled." American culture, at least since the '80s, has rarely put forth other values of meaning. The driving force in our society is financial gain. Of course, there is nothing wrong with people making money; it's all a matter of balance and perspective. At this historical moment, too many people have mixed up personal and psychological well-being with financial well-being. Not surprisingly, the real value of consumption as a form of psychological gain can be as confusing as the real meaning and purpose of wealth itself.

Philosopher Jacob Needleman (1991, 1998) explored the moral and psychological dilemmas that money poses for a life. If you don't have it, he observed, its pursuit can dominate your life. When people get enough to make a real difference, many mixed feelings emerge. There are currents in society that make the pursuit of money the most important task, and others that portray this as almost entirely evil. Balance occurs, Needleman suggests, when one simply has money without emotional conflict. One uses it to pursue one's values, life goals and meaning. But Needleman suggests that the path to this is rocky and difficult, even for those who find themselves with substantial wealth:

I think in our culture, we're all more or less addicted to the money problem, one way or another. I think that the earning of money, the making of money, is a force now, and

nobody—or very few people—really stops to consider how much money is enough. I asked more than one successful business executive. There was one in New York at a big investment house, and he was the top person there. He was telling me about the billion-dollar deals. And he was a decent person. . . . I asked him how much money he thought was enough, and his mouth dropped open. He said, “You know, I have never thought of that. I never considered it. Just making money is an end to itself.” I think a question that a lot of people should think about it, how much is enough for my life or for any given purpose? There are not many people asking that. (Needleman, 1998, p. 15)

Money alone is not the issue. Social status and recognition come with wealth, leading to feelings of power and entitlement but also feelings of entrapment and isolation. Society has a highly mixed attitude towards wealth. Admiration toward those who have achieved financial success is mixed with jealousy and resentment, particularly when the wealth-holder is viewed as a person who hasn't earned it, or doesn't deserve it. Indeed, sociologist Joni Bronfman, who is an heir herself, has studied these attitudes and gives them the term “wealthism” (cited in Gallo and Gallo, 2002). We now recognize how having and inheriting money has a marked impact on their core identity, on the beliefs and values that map how wealth-holders see themselves as well as how others see and treat them.

To a degree, the longer one has grown accustomed to the challenges and opportunities of wealth, the more likely one has had the chance to master its difficulties. So sudden wealth may have a greater psychological shock value than being born into wealth, or obtaining an expected inheritance. But many people who come from “old money” do not necessarily fare better than those who have recently earned or inherited it. Think about Dudley Moore in the movie *Arthur*, the story of a young man whose family money undermined his motivation and sense of responsibility. Several works by heirs themselves have observed the psychological wounding experienced by of them O'Neill (1997) offers a personal account of growing up in the “gilded ghetto” of wealth, and presents many stories, including her own, of isolation, alcoholism and other forms of abuse that she feels are common to the higher levels of society. Blouin, Gibson and Kiersted, 1995) and Schervish, Coutsoukis and Lewis (1994) both offer a series of accounts of people growing up wealthy, which talk about experiences ranging from feeling abandoned to caregivers, isolation from society, guilt about having money, aimlessness and inability to commit to life work, and other painful wounds that they tie directly to growing up wealthy.

Sedgwick (1985) presents a particularly sensitive account of his own and other heirs response

For all rich kids, the act of inheritance is entirely passive. Yet this sometimes makes the guilt more severe, and more permanent. True criminals, at least, have something to confess. They can receive forgiveness; they can reform; they can put their sins behind them. But rich kids start to feel that they are the sin themselves, and every crime that was committed out of greed now hangs on their heads. They see the inequity that lies about them, or read about it in their money mail, and they think they are responsible for it. Because they are on top, they must be squashing those on the bottom. This is the true embarrassment of riches. . . . To clear themselves they often feel. . . . an unspecified and diffuse need to do penance, to suffer in some way as to square things with the almighty dollar. (p. 106-7)

We find that the good fortune of wealth poses a psychological challenge to a person's core beliefs and psychological resources. At first it is experienced, without any surprise, as an extraordinary gift. But receiving this gift may mean altering patterns and ways of living that are familiar and comfortable. This simple but very powerful idea has been supported by contemporary thinking about psychological development. Colarusso and Nemiroff (1979) researchers on adult development provide us with a useful construct. Psychological development is a continuous process from birth to death. In childhood and adolescence we *create* a sense of self. During Adulthood, we *evolve and refine* this sense of self. Our core images of ourselves, the beliefs and emotionally charged ideas that make up who we are, are very important to our psychological stability. When life events are congruent with these early beliefs we feel grounded and safe. Continuity does not imply goodness or badness of feeling, but satisfying the psyche's love of predictability and consistency.

When life events are discontinuous with ones core images and beliefs, one is challenged to either evolve one's sense of self, or to act in ways to resolve the disparity between past and present. In sum, people must "change or regress." Life today presents people with many discontinuous events—unexpected death of a spouse, loss of job, career difficulties and failures, and business downturns. When facing such discontinuities, one must make shifts or alterations in identity to come to terms with the new realities. Identity is less subject to change during the money earning/wealth accumulation phase of life, since people are so focused on their job or company they do not have time to step back and wonder who they are. Yet when the newly affluent stop working, they confront the challenges of an inner transition, as described in the initial stories of John, Karen, and Sylvia.

In the process of becoming wealthy people often leave their old world and culture. Like survivor guilt, they may feel guilty about their fortune, wondering why they have been luckier than others less fortunate. Consequentially, they are left feeling uncomfortable in both their old and their new environments.

So not unlike other major turning points in psychological development, coming into money heralds a series of life challenges and transitions. At its best, understanding the place of money in a person's life can represent the beginning of a new life stage that offers more choices but still poses issues of meaning, personal empowerment and social responsibility. After sifting through the impact of money on self-esteem, personal relationships, work and community, people are better able to embark on new ventures with an invigorated set of priorities. With clarity of values, people can define exactly the kind of lifestyle they want. By aligning life and legacy plans with a family consensus on core values, people's time and money investments are more likely to be used in a satisfying and fulfilling way. Clarity of values combined with a solid sense of identity enables people effectively to steward their wealth, making choices in service of a life filled with meaning and pleasurable purpose. The responsibility of wealth is finding the right direction for the multitude of choices available, balancing needs to take care of oneself, one's family, and one's social legacy.

How do people reach clarity of values and find sure-footedness in their experience of wealth? Our clinical experience with people of new wealth has helped us understand the transition into wealth as a rite of passage into a new identity and life stage. People grow into their money following a maturational process that we call the developmental stages of wealth identity. This model describes the journey to wealth as a set of developmental opportunities and tasks. It can be used in the same fashion as other popular models of adult development such as Gail Sheehy's Passages (1984), or Erik Erikson's stages of life development (1980). Our ideas are consistent with contemporary psychoanalytic object relations theory and self psychology (Goldbart, 2001).

Our work explores the effect of coming into wealth on one's life. Progress toward a positive and productive identity as a wealthy person is affected by several elements of prior personal development and social context:

Personality/Character Style. Stability and coherence of identity certainly helps people weather any significant psychological challenge, including wealth. Those people who have a history of instability of self structure, who have weak ego strength and rigid all or nothing defensive organizations (such as found in Borderline and Narcissistic Personalities) will have greater difficulties mastering the developmental tasks of wealth identity.

Life Stage. The presence of money must become integrated into one's personal journey through various core life developmental tasks. During young adulthood, the issues of personal growth are made more complex by the temptations of having money. In middle adulthood, the ways in which identity has been defined through work or professional achievement is an important factor. Moreover, whether one has earned the money or inherited it, and how much time and planning one has had to prepare for it, affect identity.

Family System. Parents, siblings, and other important people are models of money-related behavior and beliefs. Generally speaking, people who come from families that demonstrated clarity of money values and beliefs, where there was two-way communication about money matters and effective means to resolve money-related conflicts will have an easier time than their counterparts from families where there was confusion or uncertainty about values, or where money was a taboo subject or a source of difficulty and conflict. Family cohesion combined with emotional support is also an important factor. People benefit from having a stable, cohesive and supportive family as they grapple with the developmental tasks of wealth identity.

Culture and Religious Beliefs. As with family style, culture and religion play an important role in the development of wealth identity. Some cultures and religions have a prescribed way of understanding the role of money in life, providing a useful if not overly rigid structure for handling the emotional challenges of wealth. Cultural beliefs like "money is the root of all evil" can play into a client's pre-existing anxiety or guilt increasing the likelihood of self-defeating behaviors or stalling progress through the four stages.

Culture and religion provide many, if not most, of the people on this globe with an organized set of beliefs about money. We have noticed that the presence of *any* organized framework for handling the challenges of money is better than no framework: The individual and family have a direction for their choices, which helps alleviate anxiety and uncertainty. So instead of a very individual version of stewardship, we may see a religious or culturally driven version, such as: "I'm giving my money away because this is what was commanded by _____".

The Developmental Stages of Wealth Identity

The point at which one receives a substantial amount of wealth, or becomes aware of having it or gains control over it, is a significant milestone in one's life. But like all powerful events, the event only signals the start of a process of internal response to the new status. This section presents the Money, Meaning, & Choices Institute model of the stages that a person experiences in coming to terms with themselves as wealthy, highlighting challenges and opportunities. We identify four developmental stages of wealth identity:

- Honeymoon,
- Wealth Acceptance
- Identity Consolidation,
- Achieving Balance: Time, Stewardship, and Legacy

These four stages map a person's progression from the early experience of coming into wealth to the development of a mature wealth identity that brings together optimal lifestyle time management, an empowered sense of wealth stewardship, and a legacy plan.

This model can be a useful diagnostic to help therapists and their clients assess where they are en route on their wealth identity journey. The model can also help answer questions as to why some people are more vulnerable to psychological problems associated with having and inheriting money. Simply put, money-related psychological issues may very well be the consequence of the ability to master and complete these four stages of wealth identity development. Knowing where your client stands, what tasks they are grappling with, will enable you to better understand, empathize with and facilitate your client's maturation. A person can get "stuck" at one stage, or easily progress through them.

Stage I. Accumulation/Honeymoon.

This stage marks the psychological awakening to wealth, when a person stops and begins to consider what it means to be wealthy. Its psychology shares characteristics with what Margaret Mahler (1975) described as the height of normal narcissism, the one year old child's feeling of being both the center of the world and having a love affair with the world. People in this stage experience an incredible sense of elation and power, viewing the "world as their oyster." Anything and everything seems possible. With sudden wealth, there is an adrenalin raising blend of excitement: disbelief, feeling blessed, lucky, and all powerful.

In many ways it is like the honeymoon phase of a love relationship. Feeling powerful and invulnerable, many people go on a spending spree, buying the things and pleasure pursuits

that they have always wanted. Purchasing power becomes synonymous with psychological power and egocentric joy. For those who pursue this phase with an almost manic-like energy, “I buy therefore I am” seems to be their philosophical guideline. For those who had insufficient loving attention from their parents when they were young, this stage is an opportunity to fill the psychological emptiness with the things and people money can buy.

The stage comes to fruition when people recognize the limits of their egocentrism, but are able to spend without guilt or in ways that are ultimately self-destructive. They buy things that have meaning and they buy things that are for fun. Sally, for example, reports:

During the first year or so of being truly wealthy I was on a ‘spending high.’ I bought everything I wanted and everything I really didn’t need. Then I settled down: Now I’m free to enjoy my wealth, but I also detest waste. I’ve found my balance point for spending without guilt.

There is a continuum of difficulties during this stage. At one extreme lies narcissistic over-engagement with wealth at the other stands schizoid-paranoid engagement with wealth. The first speaks to those who become over-engaged with their egocentric self-interests and over-identified with their wealth. For them it’s “party time all the time.” These are people who display unrealistic money practices and are unaware of the impact of money on self and others. During the high flying days of the 1990’s we saw many cases of young instant “dotcom” millionaires who saw themselves as invulnerable, spent wildly and did not diversify their portfolios. Many of these cases ended up in the “sudden loss of wealth” sector, their rise into wealth being characterized by *hubris turning into humility*. The more they over-idealized themselves as wealthy, the harder it was for them to readjust to the return to their old status. Not all people stuck in this stage were wild consumers. Some kept their consumption in check but distanced themselves from others by maintaining a narcissistic self-image: an attitude of “I’m holier than thou—better than you--because I’m rich”.

Opposite difficulties are experienced by people who are markedly inhibited in their capacity to experience the pleasures and power of their wealth. In a schizoid-like style, their fears, feelings of shame and guilt, and excessive anxiety block their ability to experience this stage. In the worst of cases we see people who are so paranoid about the physical and emotional risks associated with their wealth that they buy a lifestyle that is autistic in character. They hide themselves from others, refusing to communicate about their money concerns with even the closest of intimates. Think here of Howard Hughes’ story, of a man impaired and imprisoned

by his own wealth. Over time he became more anxious and suspicious, living in a fortress that protected him from the world.

Stage II. Wealth Acceptance.

If stage one is associated with the psychology of being a one-year-old, stage two reflects the toddler stage of psychological development. At this age, children begin to realize the limits of their egocentricity. They also confront the disquieting reality that mom and dad are both good and bad, nurturing and limit setting, available and unavailable. The developmental challenge is the achievement of *integration*: the capacity to bear mixed feelings about self and others, and the capacity to bring together the powerful narcissistic view of the self with the reality of vulnerability and limits in self, other, and society.

During this phase the experience of wealth is characterized by emotional complexity and contradictions. There is increased awareness of the variety of ways in which wealth has made life more interesting and rich, and also more complicated and difficult.

There is a fall from the grace of narcissistic self-involvement of Stage I. The impact of money on self-image, self-esteem, and relationships with family and friends is being felt. Successful resolution of this phase means accepting the emotional complexities of wealth and in so doing, mobilizing the capacity for integration. This can be seen in the person's capacity to find "the middle ground" between the challenges and obstacles of wealth.

Some problems do not go away and others can arise. Coming into this stage, the person struggles with challenges such as feeling overwhelmed by complex emotions, and the belief that money is the key to everything resulting in self-defeating choices, and anxiety or depression resulting from difficulties dealing with the impact of money on relationships with partners, family, and friends.

People who are overwhelmed by the challenges of wealth on self and relationships are often unable to move from the honeymoon phase to the level of acceptance. Such people behave as if money is the key to all of life's entitlements---and find they are sorely disappointed.

For example, one woman reports that she had difficulty engaging in an intimate post divorce relationship because she couldn't handle having more money than the man she loved. Another man believed he could buy friendship and buy his way out of emotional conflicts with his wife. Both these people found that money, far from being a solution, only made their original challenges around intimacy and self-worth more complex.

The fact of money and their ambivalence about having it made their choices fraught with angst. One woman felt it would not be fair for her to take a job as it would take food out of the mouth of those who needed the money. She worked for foundations without pay, but undervalued herself for not earning money. With her advisor, she felt so overwhelmed by her mixed feelings about her money that she would listen, take notes, but make no choices. She lived an ultra-frugal life, experiencing great difficulty in moving from an apartment to a small house that she could easily afford. She just couldn't allow herself to feel good about her wealth.

Feelings about wealth may be projected outward. One client of a financial advisor wants more tax write-offs. When the advisor tells him that he can afford to buy a bigger house and a second home, the client feels offended, believing that his advisor envies him, and stops returning the advisor's phone calls. He has fled the relationship because of his own inner inability to come to terms with his new wealth.

Stage III. Identity Consolidation.

At this stage money-related changes begin to be integrated into a new, evolved sense of self-identity. People are able to find middle ground on the continuum of identity consolidation: with over-identification with wealth ("I am my money—it defines my identity") at one end, and under-identification with wealth ("I am not my money—I will deny at impact it has on me") at the other end. By facing the dilemmas, they begin to resolve them by integrating them into a complex whole.

They consciously sort through, develop, and select past and present money-related attitudes, beliefs, and principles. They define their own values around relationships, giving, and lifestyle, and attain a personal comfort zone with their wealth.

Not feeling forced in any direction by having money; they are now able to choose based on their values, needs and desires. They re-evaluate the efficacy of past/childhood money values and beliefs. Over time, their choices are internalized into an expanded self-definition. Successful resolution of this phase results in a person who is both comfortable with and an effective steward of wealth.

The difficulties that can arise on this stage include:

- Feeling stuck in a money-related identity crisis of meaning and purpose
- Problems making peace between past and present money beliefs and values
- Being caught between past and present, unable to fully enjoy life and feel empowered.

At this stage people ask themselves, “Now that I accept the fact that I am rich, who am I to be?” The conflicts and challenges of earlier phases are now perceived as reflecting conflicts between past and present money-related beliefs and values. Some past money beliefs and values may no longer seem relevant. Yet many people have difficulties making peace between past and present money values, and feel guilty or non-entitled to the new identity that wealth offers. Some people come to this stage haunted by the past in ways that disrupt or impede the present. Others seem caught between past and present in a purgatory of having money and not letting themselves fully enjoy it or letting it fully empower them. For example, one heir had a “hidden life” where she works part time as a writer and artist. She dresses and lives down, not wanting to be seen even by progressive philanthropy groups as “a person of money.”

Stage IV. Achieving Balance: Time, Stewardship, and Legacy.

With completion of Stage III, wealth has become a solid part of one’s identity. At Stage IV the person achieves full responsibility for their wealth, through the initiation of a life plan where one sees money as a resource to fulfill personal needs, goals and values. One is able to see that one can implement any set of values with money: one can spend and enjoy it, invest it, or give it away. Values are the equation one adopts for these activities. They also involve knowing the role of money in making choices about how to invest time and capability. In sum: the person has come to terms with having money, and has designed a plan for what to do with it, and how to use it in his or her life.

So the essence of this last stage is planning and implementing money and lifestyle priorities that reflect Identity Consolidation, Stewardship, and Legacy goals. This stage has two components:

- The creation of a plan for how one’s life choices—in domains of self, relationships, productive activity, and community—reflective of one’s newly crystallized core money values¹; and
- The creation of an organized strategy for the implementation of this plan, including the collaboration of significant others (partner, family, friends, colleagues).

Without a plan, even a person with a strong sense of identity can be like a well-made ship without a map or direction. There may be forays into one domain of life without sufficient

¹ Money, Meaning, & Choices Institute has developed a five step Wealth and Life Planning System that people can use as a framework for mastering the developmental tasks of this stage.

consideration of needs in other domains. We may see a lack of a sense of balance in time management. This may take the form of insufficient planning for the impact of change on significant others, resulting in distracting, time consuming conflicts, such as when a married partner acts on his own without regard for the impact of a lifestyle change on his wife.

Those who want to “do well” with their money, but feel overwhelmed by choices and options, are able at this stage to overcome inertia, and the many demands from the social world, to define their own personal strategic philanthropy mission and plan. Their feelings and concerns about having wealth now fuel a process of defining a legacy plan that is aligned with their values and beliefs. The person comes to terms with his or her choices by making a commitment to sharing with the community. Charles Collier (2001), a planned giving counselor at Harvard University, notes that people with wealth eventually come to define their own goals for giving. A final quality of this stage is the commitment to a passionate interest that can grow with age.

For example: Randall took over leadership of a family foundation started by his grandfather with a charter to fulfill certain values by his family. He made the decision to move his family from a wealthy suburb in Northern California back to the Mid-Western small town where his grandfather had created their wealth, in order to lead the foundation’s efforts to build the economy and education of this small town. His children have in turn become active in the foundation’s activities in the community. In a similar vein, a Chinese family defined their legacy by setting up a family foundation where significant money went back to China to build infrastructure in their homeland. Their younger generation was born in the U.S. and wants to use foundation money to give to causes in this country that are more reflective of this new generation. The family is respectfully engaged in deciding such issues in their family meetings.

Elements of Positive Wealth Identity

A second perspective on development of wealth identity comes from looking at the specific areas where money impacts on one’s life. We define five areas that relate to a person’s sense of meaning and emotional connection to money. Each of the five areas describes an important element of the psychological relationship to the saving, spending, and sharing of wealth. To develop a positive Wealth Identity, people must resolve conflicts and overcome their vulnerabilities in each one.

Self-esteem/Personal Security.

Folklore aside, money alone does not lead people to feel better about themselves or more personally secure. In fact, money may lead people to feel a great deal of anxiety. A sense of personal value, self-respect, and personal identity should be centered on more than one's wealth. Unless people feel inner strength the fear of losing their money will lead them to feel continually vulnerable despite their wealth. A person must develop a coherent foundation of self-esteem and personal security not primarily reliant on their net worth. Even when they come into significant money, a person may continue to feel vulnerable and insecure. A person who is stuck in Stage I or II of wealth identity may find that wealth plays a dominant role in self-esteem, over-defining their self-worth by the size of their assets. Or there may be a sense of not-deserving the money accompanied by feelings of guilt and shame.

A solid core of self-esteem is comprised of a multitude of factors, including the capacity to love and be loved, to be recognized and connected to family and community, and to be successful and productive. Certainly the achievement of financial independence, a symbol of success in our society, can enhance self-esteem. Earned wealth, the beneficiary of successful achievement, can be an important building block of authentic self-esteem. But money and work success alone will not provide adequate, stable self-esteem.

Jack, a handsome, competitive, 35-year-old Silicon Valley businessperson, married with young children, took his small software company public. He awakened one morning realizing he no longer had to work. Instead of feeling elated, he felt shocked and anxious about what to do with himself. He tried spending more time with his kids; he went sailing and took vacations, but ended up yearning to go back to the office. Like many who have committed their hearts and souls to their high tech dreams, meaning and purpose in life was found at work. There he felt at his best. Now he felt empty and lost. While he claimed that his relationship with his wife and kids was all-important to him, in fact he had spent precious little time with them. Jack lived his passions at the office, and passed the time at home. He claimed to be bored and under-stimulated at home. But underneath this defensive veneer Jack felt uneasy, unsure of himself, uncomfortable with the unpredictability and emotionality of ordinary family life.

At work, Jack was in charge and powerful; at home Jack was stumbling and impotent. Being at home reminded him of his "nerdy" years as a teenager, before he

found his power and self-esteem in the computer industry. Family life was filled with memories of feeling inadequate, being the last one picked for sport teams, and of not fitting into the in-crowd at school. It didn't help to have a more socially adept brother who was all he was not, everything his father had ever wanted in a son. But Jack had lucked out: his teen-age obsession with high tech paid off big, simultaneously (and artificially) raising the stock of his self-esteem. His father, a career salesperson who never made it to management, now admired his success; Jack had won the sibling rivalry for his father's attention.

However, like the stock of many startups, Jack's self-esteem was precariously insecure. Now faced with the benefits of financial freedom and a wife demanding that he become a full partner in the family, Jack needed to come to terms with the emotional business of his past and his defensive over-investment in work achievement so that he could be free to appreciate the pleasure and value of spending time with his family.

The impact of wealth on self-esteem can be even more problematic for inheritors than it is for earned wealth-holders. Inheritors may suffer far more from shame, doubt, and guilt than their earned-wealth counterparts. The luck of the bloodline does not automatically make for an increase in self-esteem or self-worth.

The struggle to develop a sense of self-esteem for wealthy heirs is recounted in scores of stories (Blouin, Gibson and Kiersted, 1995), Sedgwick, 1985, and O'Neill, 1997). There is a difficult and multi-year struggle that lasts well into adulthood that heirs experience, as they seek to find a sense of purpose and vitality in their lives, and to overcome feelings of guilt, worthlessness and depression in their lives.

Lifestyle.

This area focuses on how people get pleasure from using their money, the way they spend and the nature of their life. Positive identity is seen in those who feel genuine pleasure and satisfaction from spending their money, who spend in ways that are not ultimately compulsive or self-destructive. They buy things that have meaning and they buy things for fun. Having mastered the developmental challenges of Stage 3, they practice a values-based spending, balancing saving and sharing of money with spending. They enjoy spending without excess shame or guilt.

People can feel out of control in this area along two extremes: people either over-spend and spend impulsively, resulting in a short-lasting pleasure, a sense of waste, and

potential negative financial consequences. Or the other side of the spectrum: people who radically under-spend feel inhibited by a sense of non-entitlement and feelings of shame and guilt.

The presence of money can be a resource, or a temptation to addiction and compulsive spending. Consider stories of people winning the lottery or inheriting and quickly spending it away. One might expect that they were not truly in control of their wealth and in the end it did not add to their lives.

A new heir said, “During the first year or so of being truly wealthy I was on a ‘spending high.’ I bought everything I wanted and everything I really didn’t need. Then I settled down. Now I’m free to enjoy my wealth, but I also detest waste. I’ve found my balance point for spending without guilt.”

Others spend their money as an ameliorative mechanism to fix psychological problems within themselves or in relationship to others. Sam, a 38-year-old high tech executive, is two years from his personal financial goal of \$8 million to retire. He works 12 hours per day, 6 days per week, as he has since he graduated from college. His wife and children feel they hardly know him, except for the summer holidays. Sam tries to make up for his absence by creating the perfect family vacation, taking his family to exotic places and hiring all the help he can get, including chauffeurs, cooks, and other personal assistants to meet all of their needs. Each year Sam planned a more extravagant family holiday: from the Bahamas, to Bora Bora, and then onward to a private Fijian island. He made sure that the staff at their destinations were ready to fulfill all of their desires. If his wife wanted a personal trainer, she got one; if his son wanted his own wind-surfing coach for the week, no problem. But Sam couldn’t understand how unappreciative his family seemed to be. His 14-year-old son said it all: “Dad, without a doubt, you plan super vacations. But I don’t really like them. You don’t really know what I like, what I want. I don’t really want to go on these vacations anymore.”

In money and meaning consultation session, Sam acknowledged his obsession with the perfect holiday as a kind of compensation for his absence from family life most of the year. He learned that he ran his vacations in the same fashion he ran his business. Sam was tired of the pressure, too many e-mails and meetings, the need to insure quarterly growth at almost any human cost. He knew this was a crazy way to live but feared challenging the leadership style and culture of his very successful company. Indeed, with all of his resources he felt powerless to stand up for himself in service of a more balanced

lifestyle. His only solution: “Look--in a few years, I’ll cash out.”

But in fact, many people like Sam do not cash out. They become addicted to the cycle of intense work, big money, status and consumption. They simply don’t have an alternative. It’s a heady flow of adrenalin and narcissism, of sheer effort matched with intelligence and commitment leading to big spending. For people like Sam, it is a high payoff version of “work holism,” that offers big money and position, with the tradeoff being the diminishment of self-care, psychological maturity, and family harmony. In the sub-culture of the New Rich, large amounts of cash flow and equally large outflows of consumption become an overly important symbol of success, overshadowing all other aspects of adult psychological development. One’s sense of self as a complete and responsible mature person is reduced to one’s financial value, a confusion of emotional well-being with financial well-being, letting the fraction define the whole.

Trust in Relationships.

A person’s willingness to trust others in a personal relationship is affected by wealth. The presence of money can make it hard to trust others even as it attracts them. A wealthy person must learn how to select and trust special other people, or he or she will always feel that money undermines the nature of relationships. People can always wonder if someone likes them for their money, or for who they are. A mature person finds ways to find the personal friends who are genuine. When a person finds their personal comfort zone in handling the impact of money on personal relationships, he or she is able to trust other people and deal with money issues without poisoning or undermining their relationships. Vulnerability arises when intimacy, trust, and stability are over-determined or undermined by money matters. Conflicts over money can contaminate relationships with loved ones, causing money-driven hardships and heartaches.

The arrival of a life-changing amount of money can be the greatest blessing and curse for a marriage. Opportunities abound but choices about money can divide as rapidly as unite a relationship. Let’s consider the Jones’ family, who after thirty-five years of work and the raising of three children, had the good fortune of a combination stock windfall and inheritance. Overnight they went from being middle class Americans to having a portfolio worth \$50 million. It was all great until they tried to agree on how to spend their time and money. He bought a second house, a vineyard, and a sailboat. She

felt the need to help children and families, and started a foundation. Helen hated his materialism; Ken hated her “holier than thou” view of the world. Unable to find a constructive way of talking out their differences, they each retreated into separate ventures and ended up divorcing.

Vulnerability can also be seen in people with exaggerated fears about being “taken advantage of” by others. Some people have irrational fears of contact with others of differing economic classes. Fears about how others may respond to money issues can result in secrecy or at its extreme, the “Howard Hughes syndrome” of privacy with a paranoid edge.

Emily, a 43-year-old social worker, found herself the unexpected heir of \$5 million that her parents had secretly squirreled away. They never talked to Emily, their only child, about money, except to say that they were “comfortable.” Instead of feeling elated by her newfound fortune Emily found herself feeling anxious about its impact on her life. Ultimately her feelings of guilt (her parents lived modestly and rarely took vacations), and concern about the potential envy of others (was it her imagination that her best friend was almost resentful rather than grateful that she’d picked up the dinner tabs lately?) led her to continue her parent’s secretive attitude toward money. Instead of money providing more freedom and choices, Emily felt deeply disturbed, inhibited, and constricted by it. She needed to hide her money, and did not feel able to use it to enhance her life.

Stewardship.

A steward sees himself/herself as safeguarding a resource for the benefit of future beneficiaries. In mastering the developmental challenges of Stage 4, wealth is viewed as a multi-dimensional resource that is preserved and shared for the benefit of both current and future generations. A healthy person will want to look around him or herself, and consider what can be done for other people and for the future. Stewardship is reflected in people who have a “future sense” of their money decisions, who desire to leave a meaningful legacy, and who are thoughtful about the impact of distributions to future generations. They plan for how wealth can make a difference in their own lives as well as in the larger community. It indicates a person who has a plan for the distribution of their wealth and wants to leave a values-based legacy for future generations.

We feel that people who view their wealth as primarily for their own use, who do not want or have a legacy plan, and who are not concerned about the future use of their

money distributions are living in denial of the world beyond their personal sphere.

Wealth is seen as a private resource for personal use and enjoyment. They feel no further responsibility. But wealth does not, and should not, make someone a saint. Spending is not a sin. However, the presence of significant money leads people to consider issues beyond themselves, how it can impact on heirs and on the community.

Listen to Sandra, a 48-year-old entrepreneur who had strong feelings about her future legacy:

“In our business we make sure that our employees know we value their hard work, but that we see their families as their top priority. We provide incentives for our employees to volunteer in their local communities as well. Where we live, housing is very expensive and the public schools are in poor condition. The cost of living is such that many parents have to work more than one job just to make ends meet. The real needs of my community are affordable housing, good public schools and jobs that pay better wages to working people ... I want to be remembered as someone who took action to bring about lasting changes in my community. I want to know that my children will be able to live happily and safely here or wherever they choose to live.”

Other wealthy people see their legacy as primarily to society and have a more limited role for their children. Financier Warren Buffett has made it clear that he will leave his children enough to be comfortable, but most of his wealth will go to a foundation. Gary, a 52-year-old recently retired venture capitalist, is concerned about what money will do for his children, and he adopts a self-reliant attitude toward his heirs:

“My financial success is the direct result of endless hours of hard work and commitment. I strongly believe that self-esteem can only be earned. I don't plan to leave my kids anything more than is enough to complete their college education. I plan to give the majority of my earnings to the University business school that inspired my career. I believe that giving people money doesn't fix their lives, it ruins their lives, making it impossible for them to find their passion and place in our society.”

A common pattern is for the next generation of heirs to inherit some money, but more important to learn that their self-worth and life work is in philanthropy. The Rockefeller family, after the founding fortune accumulated by John D. Rockefeller, has carefully cultivated careers of philanthropy and social activism in several generations of

heirs. Other families of more modest means set up a family foundation, and achieve purpose and meaning in their lives by using their time and energy in making a difference in society. This life focus can help heirs overcome any conflict they may feel about coming into money.

If one's life is no longer defined by having to make money, then the question will arise, what will one do to define who they are and what they stand for? As described in Stage 4, defining one's legacy and the meaning of one's wealth is a key step toward a full definition as a person of wealth.

Financial Awareness.

This factor indicates the degree to which a person is aware of money matters: how much they have, how it is invested, and how it is spent and shared. Not knowing about money is a way of denying it, or not being responsible for taking care of it. Just as a person takes care of a prized possession, so people should take care of their money, to insure their future. It indicates a solid hold on one's finances characterized by the feeling of truly "owning your money." While details of wealth management may be delegated to a team of professionals, the wealth-holder is keenly aware and in charge of saving, spending, and sharing money. While delegating some aspects, to be fully in charge of money matters one must be "in the know" about the spending, saving, and sharing of his or her wealth. Lack of awareness is seen in people who have difficulty claiming ownership for their wealth, or at worst avoid or deny responsibility for it. They may behave as if the wealth is really not their own, or that it is magically taken care of by others. These are the wealthy people who are prey to all sorts of schemes that lose their money.

Many heirs and people who achieve sudden success are not really prepared to handle their money. In fact they have not been prepared. But they need to inform themselves and begin a learning process. The existence of trusts and family financial advisors sometimes makes them feel dependent, and reinforces a childlike lack of awareness and oversight. This childlike dependency often leaves them feeling incomplete, undeveloped and vulnerable. Sometimes after a setback or huge loss they take the reins. At other times they struggle against well-meaning but misguided financial advisors, to take control of their money. This does not mean making all choices on their

own or rejecting professional advice. Rather it means being informed about what is happening and taking part in major financial decisions.

Not infrequently we see contradictions between a person's money awareness at work compared to their personal wealth. For example, Sandy, a 38-year-old CFO of a high tech firm in Silicon Valley spends much of her day dealing with money management, a role in which she has gained much professional and financial recognition for her competence. But when asked about her personal money management, she became anxious and indecisive. She often felt confused and uncertain after hearing the advice of the three financial advisors she employed to manage her vast assets. When it came to her personal money matters, in her words, "I act as if I'm stupid, unsure of myself, or as if it doesn't really belong to me, although I know it does!"

Inheritors often suffer from difficulties with money awareness. Heirs are given money without necessarily being given the skills to manage their wealth. Some heirs feel disconnected from their money, as if it still belongs to the family member who made the distribution. One variation on this theme are so-called "trust babies," whose inheritance becomes an obstacle to growing up. Yet others feel guilty or ashamed about their "bloodline good fortune," hiding their wealth from others as well as themselves. Maxine, a 45-year-old who worked part-time as a substitute teacher and art consultant had lived on a trust her whole life. She has little idea of her net worth and avoids thinking about her money, fearing that if she focuses on it, she would "break out in hives." She continued to use her parents' financial advisor, never questioning any of his decisions. When her financial statements arrive in the mail, she opens and files them without reading. Even talking about her money with her brother, a trusted ally and friend, makes her feel anxious and distracted.

Counseling and Consultation

There are several avenues that we have seen people pursue to help them progress in their own development. First, and probably most available, there are workshops, groups, and support networks that are sponsored by investment banks, financial service groups, and philanthropy networks where people can combine discovering what to do to preserve their money, and what to do with it. They offer several things. First, they offer the support of people who are struggling with similar issues, and a safe and confidential environment to explore issues. They also offer clear outlets where heirs can learn about

issues from money management to philanthropy without feeling burdened by the pain and difficult choices that are put upon them by those in need.

Second, there are various types of personal and family counseling and coaching that can help one discover a basis for making choices, develop understanding of one's mixed feelings, and chart a course for the future. At Money, Meaning, & Choices Institute we have developed a Wealth and Life Planning System© that provides a step-by-step strategy for helping clients to surface money-related emotional issues, define core values, and determine lifestyle, philanthropic, and legacy plans. We facilitate maturation of wealth identity and also encourage money dialogue as an opportunity for family unity: Family members have a chance to stop the action of daily life, truly take stock of where they are today, and create values-based lifestyle action plans.

A third option is to meet as a family. We find that families are coming together to explore the issues of wealth in their lives, and to talk about the choices facing their children and heirs, as a family. The family can gather informally, at the family home or at a meal, or they can have a more formal gathering, where they talk about specific approaches to money, whether investing, spending and giving.

We find that meeting as a family, to discuss values, how money will be shared and used, and what is important to each member, is a key activity for coming to terms with wealth (Jaffe, Goldbart and DiFuria, 2002).

Taking Responsibility and Action for Having Wealth

We have looked at how a person experiencing sudden earned or inherited wealth must go through a process of self-discovery and personal development. As they progress through developmental stages and master the core issues associated with each stage, people come to terms with their wealth and integrate it into their lives. Some people proceed easily, on their own, through these developmental stages and tasks, with few obstacles or concerns. Others find support resources in their family, friends, or in a network or support group for heirs or philanthropists who are working on these issues. At other times, professionals like ourselves are consulted by people who find themselves with unexpected or unwanted feelings or difficult struggles related to aspects of their wealth.

At the beginning of this chapter we suggested that the world does not make this an easy task. We live in a society that overvalues money, promoting the belief that money

removes all cares and problems. Our society holds ambivalent feelings of envy and resentment that are projected onto wealthy people, further complicating their developmental journey. Some also have to contend with exaggerated feelings of guilt at having money, and pressure of responsibility to do something with it. Often, such feelings cause the affluent to feel they have to remove themselves from the company of all but other people of the same financial status. While it may be pleasant living in “the gilded ghetto” (O’Neill, 1997), it is by no means a solution. If one is not comfortable or able to make one’s way through all areas of the community, to develop close relationships with people representing diversity of social classes and experiences, one will be diminished. The challenge of “achieving balance” in the final stage of wealth identity is finding a place for oneself *in the world* that maximizes wealth as a resource for self, family, and society.

We find that people who become wealthy must be aware that they have a journey ahead of them. They need to be aware that they will be invaded by a mass of difficult feelings, and that their wealth will at first seem like a handicap to overcome, or a burden disguised as a blessing. People around them may behave strangely, and they will have to make choices about matters which previously were cut-and-dried. What does one do if there no longer is a need to earn a living? What should one do if one has more money than is needed to live a rich and full life? Achieving a positive wealth identity means re-defining one’s inner psychological map, and answering a question that most Americans only dream of having the opportunity to answer: What is the real meaning and purpose of my wealth ...for myself, my family, and my community?

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