

Researcher Profile

An Interview with John E. Grable, Ph.D., CFP®

John E. Grable, Ph.D., CFP(R) teaches and conducts research in the Certified Financial Planner(TM) Board of Standards undergraduate and graduate programs at the University of Georgia. Prior to entering the academic profession, he worked as a pension/benefits administrator and later as a Registered Investment Advisor in an asset management firm. He served as the founding editor for the Journal of Personal Finance and as the co-founding editor of the Journal of Financial Therapy. His research interests include financial risk-tolerance assessment, psychophysiological economics, and financial planning help-seeking behavior. Dr. Grable has published nearly 100 peer-reviewed papers, co-authored two financial planning textbooks, and co-edited a financial planning and counseling scales book. He currently writes a quarterly column for the Journal of Financial Service Professionals, serves as academic consultant to the Journal of Financial Planning, and chair the CFP Board Council on Education.

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Q. Tell us a bit about yourself.

A. I teach and conduct research in the Certified Financial Planner™ Board of Standards undergraduate and graduate programs at the University of Georgia. Prior to entering the academic profession, I worked as a pension/benefits administrator and later as a Registered Investment Advisor in an asset management firm. Several years ago, I had the privilege of serving as the founding editor for the *Journal of Personal Finance* and as the co-founding editor of the *Journal of Financial Therapy*. My research interests include financial risk-tolerance assessment, psychophysiological economics, and financial planning help-seeking behavior. I recently started the Financial Planning Performance Lab to study these issues. My passion is promoting the link between research and actual financial

planning practice. Over the past 15 years, I have published nearly 100 peer-reviewed papers, co-authored two financial planning textbooks, and co-edited a financial planning and counseling scales book. I currently write a quarterly column for the *Journal of Financial Service Professionals*, serve as academic consultant to the *Journal of Financial Planning*, and chair the CFP Board Council on Education.

Q. Define what you do professionally.

A. My day-to-day activities are focused on teaching and research. I teach classes at both the undergraduate and graduate level, as well as classes online. I am also fortunate to work with and mentor graduate students as they pursue exciting research topics.

Q. What activities encompass your professional responsibilities?

A. Because I work at a large public institution, my core responsibilities involve working with students as they prepare for careers as financial planners, financial counselors, and financial therapists. I typically teach courses in the fall and spring, as well as during the summer months. I am also involved in curriculum development issues, such as building content for online classes and working on committees to help shape course programming.

Q. How long have you been engaged in your professional activity?

A. I graduated from Virginia Tech in 1997. My first academic job was at Texas Tech University. From there, I spent 13 years at Kansas State University. In total, I've been teaching and doing research for more than 15 years.

Q. What led you to your professional calling?

A. Ever since I was young growing up in Reno, Nevada, I have had an interest in financial topics. Back in those days, it was not possible to study financial planning. In fact, I had no idea that financial planning and counseling, let alone financial therapy, existed as a possible career. After obtaining a business/economics degree and an MBA, it dawned on me that I would like to really help people with their money questions, concerns, and dreams. After working in the corporate world for a few years (and owning a small wholesale bakery), I decided to register with the Securities and Exchange Commission and open a small financial planning and investment advisory business. Looking back, it seems terribly naïve to have been young and competing against huge investment firms, but things worked out. This was the early 1990s and there were not many fee-only financial planners working in the United States, let alone in Nevada.

The 1990s was an interesting time to be a financial planner. Interest rates were falling and the stock market was very strong, at least most of the time. This is when I met the married couple that drove me to pursue my doctorate. This couple came to me to build a portfolio. They were moving their bank assets into the markets. I did all of the due diligence and data gathering activities required under the law. Initially, the markets were strong and the clients were making money. They were happy. My income was based on

assets under management, so I had an incentive to make sure that their portfolio did well, given the constraints of their time horizon and risk tolerance.

Between 1993 and 1994, the markets experienced significant volatility. As the markets moved down, so did their portfolio. I started to get calls from the wife asking about the value of the account and what they should do. I reminded her that given their risk tolerance and time horizon, they should hold, and even add to the account. I did my best to reassure her every time she called. The markets dropped for three months in a row, and finally, in desperation, the wife called and told me to liquidate the account. You can probably guess what happened next. The S&P 500 hit bottom that month and moved up almost monthly until the end of the decade. The clients ended up losing money because they bought high and sold low.

This behavior made me curious. I wanted to know how the risk-tolerance tools that I used could be so wrong in predicting my clients' behavior. After all, the tools I used showed that the clients would be willing to hold the portfolio even in a prolonged bear market. The opposite was true. A short-term correction caused them to panic and sell. It didn't take long for me to realize that my passion was really centered on figuring out human behavior rather than managing money. I then moved to Blacksburg, Virginia and started to learn about research at Virginia Tech. That experience changed my life.

Q. How are you compensated?

A. As a faculty member, I am paid a salary.

Q. Do you work alone or do you have a team? Please explain.

A. The academic world is interesting. On the one hand, the life of an academician is very lonely. On the other hand, collaboration is of critical importance. Most often, I work alone when developing research ideas, reading previously published research, and analyzing data. At other times, I either work as part of a research team or I lead a team of graduate students. Overall, however, my teaching and research performance tends to be judged individually.



Q. What theoretical framework guides your work when dealing with clients and/or conducting research (e.g., some practitioners use a solution-focused theoretical framework while others are more eclectic)?

A. I usually do not meet with clients on a fee-for-service basis. When I left my practice, I decided to focus all of my efforts on teaching, research, and writing. I use theory in the classroom, but what most interests me about theory is how to bring theory to practice. For example, Dr. Kristy Archuleta and I have been, over the years, trying to adapt models and theoretical frameworks used in other fields, such as marriage and family therapy, to the world of financial planning, financial counseling, and financial therapy. Dr. Archuleta and I experimented with adapting Solution-Focused Therapy as a tool for financial therapists. The results have been startlingly good. Based on our findings, I use Solution-Focused techniques in all aspects of my life. If you think about students as “clients” in the academic world, then my answer to this question is that a Solution-Focused framework guides much of what I do today.

Q. What needs to happen so that 10 years from now we can say that financial therapy is a respected field of study?

A. Okay, this is a long answer. I really see financial therapy struggling with the same issues that the psychotherapy field grappled with a century ago. One hundred years ago, the world of therapeutic treatment was a confusing one. Nearly all professionals at the time clearly distinguished between ‘functional’ and ‘organic’ ailments. Functional problems were those of the ‘mind,’ while organic ones were primarily physical. The world was so divided that physicians limited their practices to treating organic illness. Even psychiatrists

were prone to healing functional issues as physical abnormalities. In the United States, psychology was still in its infancy. Those who dealt with functional illnesses tended to be either religious healers or lay therapists. In short, the medical profession (as loosely defined) confined itself to dealing with aspects of physical/bodily health. Complaints that were more functional in nature were referred to others. This was the state of affairs right up through the early 1900s.

The period of the early 1900s was a remarkable time. A revolution in thinking was taking place in the diagnosis and treatment of both organic and functional illness. Evidence, both clinical and theoretical, was emerging at the time that clearly showed a link between mental and physical states. This revelation was more than a minor problem for some. William James (America's leading psychotherapist at the time) was an enthusiastic supporter of treating illness holistically. He believed that physicians, psychiatrists, psychologists, and lay healers could work together to help improve individual and community wellness. The end, rather than the means, for James was of primary importance. In some ways, James' perspective matched that of Sigmund Freud. Freud, early in his career, strongly believed that anyone who was trained—regardless of the academic degree held—could provide psychotherapy in an effective manner.

This takes us to 1909, the year of Freud's debut in the United States. During presentations at Clark University, Freud outlined the theoretical underpinnings of psychoanalysis. In an American sense, Freud trapped himself. Americans were strong believers that health was in large part determined morally and spiritually. In fact, most psychotherapists (broadly defined) at that time were lay religious healers. Freud was anti-religious but also an advocate of lay psychotherapy. It is unclear how he rectified these two points-of-view, but his anti-religious stance was used by medically-trained psychotherapists as a key element of argument for those wishing to exclude lay practitioners from providing either organic or functional treatment. This need for a theoretical foundation to separate medically-based and lay-provided treatment became a pressing concern soon after Freud's Clark University lectures. During this time, the medical establishment was becoming increasingly alarmed at the number of Americans who were eschewing traditional medical healing approaches for psychotherapy treatment by both lay and religious healers. In effect, what began to emerge was the first inkling of a professional turf war. The medical profession quickly adopted Freud's own psychoanalytic arguments as a tool to bring a close to the treatment of functional, as well as organic ills, by lay practitioners and those with a religious theoretical perspective.

What transpired was an outline of practice that is still present today. Those in the medical profession made a convincing argument that both functional and organic illness should fall within the domain of "medicine," while grief, marital, and general wellness counseling should be the domain of lay and religious healers. Surprisingly, the religious community was quick to accept this argument. This helps explain why few religious leaders today are involved in what would have been typical psychotherapy practice in the late 1800s and early 1900s. Ultimately, the position of James (and Freud) that lay practitioners could be involved with psychotherapy was quickly put aside, with the new paradigm being

one of specialization and strictly defined and enforced fields of practice based on academic specialization.

This leads me to today and the first meeting of those interested in the organized work of financial therapy in 2008. I was among a small group of people who helped establish the Financial Therapy Association. My idea, at the time, was that financial planners, financial counselors, therapists, psychologists, and others could join together to improve the financial wellness, capabilities, and resiliency of individuals and families. I was, I think, naïve, in the sense of sharing the perspective of James and Freud that it is not a person's academic degree that qualifies them as a 'financial therapist,' but rather the results of their practice. I say naïve because what I have witnessed in the few short years of the Financial Therapy Association eerily reminds me of what I have outlined as authentically historical in relation to the field of psychotherapy.

The debates, discussions, and arguments that seem to have captured the attention of those interested in the emerging field of financial therapy are almost exactly the same as those that helped mark the direction of psychotherapy in the early 1900s. The only difference is that the speed of change is much faster today. Based on my readings of historical accounts, it seems prudent for members of the Financial Therapy Association to stop and consider how inclusive, versus exclusive, they want the movement to be, and to carefully consider whether financial therapy is going to be classified as an extension of another already existing field of study or something new with unique models and theoretical approaches. My sincere hope is that the membership moves pragmatically and openly; however, trends are clearly indicating a move towards exclusivity. Here are two examples that lead me to making a cautionary appraisal of the future of financial therapy:

- ✓ Rather than thinking and acting in unity, distinct stakeholder groups have been established. Some are led by 'therapists,' while others are 'planner' directed. While it took nearly 20 years from the date of Freud's U.S. remarks at Clark University to decide who was or was not technically a psychotherapist, it has taken less than five years for groups to form and attempt to define what financial therapy is and who may be allowed to practice in the field. It concerns me that just as the medical profession worked to exclude certain people from psychotherapy practice without adequate clinical analysis of treatment outcomes, it appears that the same thing is happening in relation to financial therapy among certain constituencies.
- ✓ The human tendency to engage in professional turf wars appears to be in full force. Each stakeholder group is attempting to protect their interests by claiming that "lay practitioners" and others lacking academic standing have no (or limited) right to practice. Unlike the 20th century when a lay practitioner was defined as someone untrained or religious, today this term is being applied more broadly to anyone who does not hold an appropriate academic degree. Now, who determines the appropriateness of such a degree is open for debate, but if the drift continues to evolve historically, this question is likely to be answered by those holding a medicinal definition of therapy. I continue to align my belief system on this particular issue with that of James. In fact, I believe that if financial therapy is

defined too narrowly then this new field of study and practice will never emerge as a professional endeavor. Narrow definitions exclude many current and prospective practitioner models.

In order to fully transition to a respected field of study, we need more clinical tests of models and intervention techniques. Only two or three treatment approaches have been tested clinically and published in peer-reviewed journals. Additionally, the field needs more basic financial therapy research. This will, of course, require cooperation between practitioners and researchers. Great opportunity exists if Financial Therapy Association members unite together.

Q. What benefits can the Financial Therapy Association provide to others doing work that is similar to your professional activities?

A. I would love to see the annual conference expanded to include more clinical and experimental reports. Of course, this means that practitioners and those of us in university settings need to collaborate to test models of practice. Also, I would really like to see the Association do more to promote financial therapy as a professional field of study and practice, especially in the media and among students.

Q. If others are interested in finding out more about you personally and professionally, where can they obtain this information?

A. The best way to reach me is via email: grable@uga.edu. I am sincerely interested in working collaboratively with practitioners in testing models of practice and writing. I would love to hear from financial therapists who have a similar interest.