

THE WEALTHY: A FINANCIAL PSYCHOLOGICAL PROFILE

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Drawing from the theories of money ambivalence, cognitive dissonance, envy, and relative deprivation, this study sought to explore stereotypes of the wealthy. Specifically, it examined the financial psychology, demographics, and financial behaviors of a sample of wealthy individuals and a sample of other relatively high-income and high-net-worth individuals, and it compared these characteristics to see what, if any, differences exist. Results show that wealthy individuals exhibited significant psychological differences, including lower levels of money avoidance, loss aversion, and financial stress; higher levels of life and financial satisfaction, financial knowledge, internal locus of control; and a fundamental drive to follow their passions and increase their wealth. With regard to financial behaviors, the wealthy spent significantly more on their most recent purchases but were not more likely to be financially dependent on nonwork income and were not more reclusive. A deeper understanding of the wealthy can help mental-health providers better serve this population and help individuals aspiring to increase their income and net worth by challenging inaccurate beliefs about this population's psychology and financial behaviors.

Keywords: wealthy, mass affluent, financial psychology, money beliefs, money scripts

Since the 1970s, economic trends have served to create a growing wealth gap between the top earners and average Americans (Stone, Trisi, Sherman, & Chen, 2013). In recent years, political candidates and media alike have highlighted this gap, with the “One Percent” emerging as a popular phrase to describe Americans whose income and/or net worth was in the 99th percentile. Much has been written about this group of individuals in the popular press, often from a place of frustration and anger. In the 2012, the gap between the 1% and the 99% became a rallying point in the presidential election (Dewan & Gebeloff, 2012). Stereotypes of the reclusive, multigenerational

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money-hoarding, spoiled, private-schooled, antitax, and nefarious wealthy seemed to have gained popular support, with help in part from media attention received by the Occupy Wall Street Movement (Dunn, 2012).

In recent years, resentment toward wealthier individuals has seemed palpable. Interestingly, empirical evidence has lent support to the connection between wealth and a propensity toward malfeasance. For example, researchers from the University of California-Berkeley observed that, because of more access to material resources and a higher social rank, wealthy people have less compassion for the suffering of others than do those in lower socioeconomic classes (Stellar, Manzo, Kraus, & Keltner, 2012). Researchers have documented incidences in which individuals from upper-class families are uncomfortable identifying themselves as such and try to distance themselves from those with a similar socioeconomic status (SES) because of negative stereotypes of upper-class privilege (McDowell et al., 2013). However, it is uncertain the extent to which negative stereotypes of the wealthy are the result of consistent patterns of negative behaviors on the part of the wealthy or psychological factors of those who hold them in ill-regard.

What follows is a discussion about negative money beliefs and antiwealthy sentiments and an exploration of three psychological constructs that can help explain the etiology and maintenance of these beliefs. A review of the literature identifying psychological differences between higher income individuals and lower income individuals is then presented. Lastly, the financial psychology, demographics, and financial behaviors of a sample of wealthy individuals and a sample of other relatively high-income and high-net-worth individuals are compared to see what, if any, differences exist.

Rich People Are Greedy and Money Corrupts

While membership in a lower socioeconomic class is associated with a host of negative affective, social, health, and economic experiences, the perceived association between wealth and maleficence has a long tradition. According to the King James Version of the Bible, “The love of money is the root of all evil” (1 Timothy 6:10) and “It is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God” (Matthew 19:24). Recently, money beliefs, including antirich and antimoney sentiments (e.g., “Rich people are greedy,” “Money corrupts people,” “It is not okay to have more than you need,” “Good people should not care about money”), have been the target of scholarly attention. Not surprisingly, these types of negative money beliefs have been associated with lower income and lower net worth and a host of disordered money behaviors (Klontz & Britt, 2012; Klontz, Britt, Mentzer, & Klontz, 2011).

Unfortunately, while social class is an important contextual variable for individuals and families, it is a relatively neglected topic in the mental-health literature (McDowell et al., 2013). Even so, several psychological constructs can aid in our understanding of the feelings of inferiority, resentment, and envy felt toward wealthier individuals. These include money ambivalence and cognitive dissonance, the psychology of envy, and the theory of relative deprivation.

Money Ambivalence and Cognitive Dissonance

Even those who hold strong antiwealthy beliefs would be hard-pressed to refuse a pay increase at work, an inheritance, or a lottery win based on principle. Ambivalence has been defined as “the experience of simultaneously positive and negative affect toward the same person, object, or behavior that draws us in opposite directions and leads to some level of phenomenological discomfort” (Weingardt, 2000, p. 298). There is some empirical support for the concept of money ambivalence, the simultaneous positive and negative thoughts and feelings a person holds toward money.

For example, endorsers of antirich and antimoney beliefs are also more likely to endorse money-worship scripts, believing that “More money would make you happier,” and “You can never have enough money” (Klontz & Britt, 2012). The simultaneous love and hate of money may help

explain why wealthier individuals are targets for the frustration and anger experienced by members of lower socioeconomic classes who aspire to raise their socioeconomic standing. At first blush, simultaneously despising the wealthy and worshiping money may seem incompatible. However, it is worthwhile to keep in mind the tremendous social, health, and material benefits of membership in a higher socioeconomic class. One's perceived SES may be even more important than actual financial status (Adler & Snibbe, 2003).

Psychological discomfort is a natural consequence of the love–hate, push–pull, and approach–avoidance experience of money ambivalence. Cognitive-dissonance theory postulates that an individual's awareness of conflicting beliefs creates psychological discomfort, which motivates the individual to alleviate the discomfort (Elliot & Devine, 1994; Festinger, 1962). As such, when an individual has arrived at a belief about money, cognitive-dissonance theory suggests that conflicting information may not be given its due consideration. It has been hypothesized that when a particular money belief was developed in a dramatic way and is associated with strong emotion, it can be highly resistant to change (Klontz & Klontz, 2009). Cognitive dissonance has been identified as an important psychological construct in making sense of self-destructive financial behaviors, including the tendency of investors to irrationally hold onto losing investments (Goetzmann & Peles, 1997). In addition to the psychological discomfort associated with an approach–avoidance relationship with money and efforts to alleviate negative feelings through cognitive distortions, watching others enjoy the advantages of wealth while feeling left out can lead to feelings of envy.

The Psychology of Envy

Envy has been defined as “an unpleasant, often painful emotion characterized by feelings of inferiority, hostility, and resentment produced by an awareness of another person or group of person's who enjoy a desired possession, position, attribute, or quality of being” (Smith & Kim, 2007, p. 47). Smith and Kim (2007) note that when we experience envy, we often feel that the target of our envy does not deserve their advantage, that our disadvantage is undeserved, and as a result, we feel a sense of injustice. They note that people feel envy around advantages enjoyed by others with regard to relative social standing, which is associated with access to success. They also point out that “we envy similar others who otherwise enjoy an advantage in an area linked to our self-worth” (p. 50).

As such, we are most vulnerable to envying individuals who share one or more of our attributes, such as gender and race, and this comparison toward those of like characteristics is well documented through social-comparison theory (Festinger, 1954). Furthermore, we may hold particularly negative views toward people who started out at a similar social class as we did but raised their relative socioeconomic standing higher than we have. As a result of this envy, wealthy individuals may feel a sense of paranoia and be more secretive about their income and financial status. Secretiveness around income has been associated with higher income and net worth and fewer self-destructive financial behaviors (Klontz & Britt, 2012). While wealthier individuals are privileged in society, they may also be targeted for victimization because of their success. Research has found that envy is a significant predictor in the victimization of high performers (Kim & Glomb, 2014).

The Theory of Relative Deprivation

The theory of relative deprivation postulates that an individual's level of satisfaction is not based on their objective realities but on their life circumstances relative to the experiences of those around them. Relative deprivation has been shown to be a strong predictor of prejudice toward another group, as unfavorable comparisons lead to feelings of deprivation, which motivate hostility toward another group at increasing levels with higher levels of relative deprivation (Dambrun, Taylor, McDonald, Crush, & Meot, 2006). Furthermore, higher levels of affluence in one's reference group can be associated with higher levels of relative deprivation, anger, and violence (Bernburg, Thorlindsson, & Sigfusdottir, 2009). The theory of relative deprivation supports the notion that an

increase in the wealth gap in the United States would correspond with increasing levels of anger toward the wealthy.

Research has found that subjective well-being depends more on one's sense of relative deprivation than on one's level of income (D'Ambrosio & Frick, 2007). Relative deprivation has been linked to a preference for immediate smaller rewards at the expense of larger delayed rewards (Callan, Shead, & Olson, 2011). When controlling for financial status, perceived SES has been associated with better physical and mental health (Adler & Snibbe, 2003). When individuals have low social standing and are simultaneously highly biased against their lower social class, they are at increased risk for health problems and disease (John-Henderson, Jacobs, Mendoza-Denton, & Francis, 2013).

Money ambivalence and cognitive dissonance, the psychology of envy, and the theory of relative deprivation help explain some of the negative stereotypes associated with money and the wealthy. This study examined the financial psychology, demographics, and behaviors of a sample of wealthy individuals, comparing them to other relatively high income and/or high net worth individuals, to see what, if any differences exist. Furthermore, it explored some of the common stereotypes associated with the wealthy to see which, if any, hold true, and which ones may be misperceptions of this group of individuals. Insights gleaned from this study might be of benefit to mental-health providers and financial professionals who are working with wealthier individuals. In addition, mental-health providers and financial professionals working with individuals who seek higher incomes and higher net worth might benefit from insight into how wealthy individuals think or behave differently.

The Psychology of Wealth

Research has noted some differences between higher income individuals and lower income individuals on a number of psychological variables. There is strong evidence of personality traits being associated with socioeconomic outcomes, job performance, physical health, and academic achievement (Borghans, Duckworth, Heckman, & Ter Weel, 2008; Chamorro-Premuzic & Furnham, 2003). Personality traits have also been found to predict mortality, divorce, and success at work (Roberts, Kuncel, Shiner, Caspi, & Goldberg, 2007).

Several personality traits have been tied to higher incomes and better economic outcomes. Conscientiousness, which entails the tendency to be dependable, motivated, and to act with self-discipline, is associated with higher income (Mueller & Plug, 2006; Heckman, Stixrud, & Urzua, 2006), entrepreneurial intention and success (Zhao, Seibert, & Lumpkin, 2010), good job performance (Almlund, Duckworth, Heckman, & Kautz, 2011), and academic success (Chamorro-Premuzic & Furnham, 2003). Emotional stability is also associated with higher income (Mueller & Plug, 2006) and better job performance (Almlund, Duckworth, Heckman, & Kautz, 2011; Gelissen & de Graaf, 2006). Openness to experiences has also been found to be associated with higher levels of income (Mueller & Plug, 2006).

Locus of control is another important psychological construct linked to income. Locus of control is defined as the extent to which someone sees his or her life being controlled by themselves or being at the mercy of external factors outside of their control. Specifically, internal locus of control has been found to be associated with higher income and wealth (Zagorsky, 2007), higher rates of reemployment after a job loss (Gallo, Endrass, Bradley, Hell, & Kasl, 2003), and better spending control (Perry & Morris, 2005). Having a strong sense of control over one's life is also linked to greater life satisfaction (Johnson & Krueger, 2006). Good self-esteem is also associated with higher levels of wealth and income (Zagorsky, 2007).

Research has also linked specific money scripts to income and net worth. Money scripts are beliefs about money that are typically held outside of conscious awareness until they are explored, are often trans-generational, are developed in childhood, and influence financial behaviors (Klontz & Klontz, 2009). For example, Klontz and Britt (2012) found that money-vigilance beliefs, which include themes of frugality and anxiety about money, are associated with higher income and appear to be protective factors against destructive financial behaviors. In a sample of 351 full-time workers,

Klontz, Seay, Sullivan, and Canale (2014) found that money-status scripts, which include themes that link one's self-worth to their net worth, were a significant predictor of inclusion in a group of higher earners (\$154,000 or greater) versus lower earners (median income of \$80,000).

Socioeconomic status in childhood, financial stress, financial knowledge, and education are also strong predictors of income. Lower SES has been associated with higher levels of risk-taking and impulsiveness (Griskevicius et al., 2013), and childhood SES is an important predictor of financial and occupational success and educational attainment (Roberts et al., 2007).

Financial education, which can be acquired formally through high school and college classes, personal-finance seminars, or informally through the mentoring of family members, friends, or employers, can also have significant impact on financial outcomes (Perry & Morris, 2005). Not surprisingly, higher levels of financial knowledge, including knowledge around issues related to credit, savings, investments, and mortgages, are associated with engagement in prudent financial behaviors such as paying bills on time and having emergency savings (Hilgert, Hogarth, & Beverly, 2003). Financial knowledge can also increase alongside increases in wealth and economic socialization (Hilgert et al., 2003).

Financial stress is associated with the inability to meet one's economic responsibilities (Northern, O'Brien, & Goetz, 2010). It is influenced by attitudes, beliefs, and thoughts associated with one's demands and the economic resources available to meet those demands (Aldana & Liljenquist, 1998; Kim, Garman, & Sorhaindo, 2003). Individuals often link their self-worth with their financial status, and, as a result, financial stress has been associated with negative life consequences affecting health, self-care, psychological well-being, academic functioning, and interpersonal relationships (Northern, O'Brien, & Goetz, 2010).

While a variety of personality and demographic factors have been found to be associated with income, net worth, financial satisfaction, and life satisfaction, little is known about how personality, money beliefs, and financial behaviors differ between the wealthy and other higher income and/or higher net worth individuals.

Research Questions and Hypotheses

The aims of this study were to provide a description of wealthy individuals in the current sample across a range of demographics, attitudes, and behaviors and to see what, if any psychological and behavioral characteristics differentiate the wealthy from the mass affluent. For the purposes of this study, wealthy individuals were defined as respondents who had \$370,000 or more in yearly income and/or \$2.5 million or more in net worth. The term *mass affluent* was used to describe the comparison group, a term that has been used to describe those with higher income and net worth than the "mass market" but less than those who would be classified as wealthy (e.g., Rumbaugh, 2014).

Based on previous literature and recent popular-culture interests, three research questions were investigated:

1. What are the demographic characteristics of wealthy individuals and mass-affluent individuals?
2. Are there differences in the psychological characteristics of wealthy individuals as compared with the mass affluent?
3. Are there differences in the financial behaviors of wealthy individuals as compared with the mass affluent?

Corresponding hypotheses were developed to be investigated related to research Questions 2 and 3:

Hypothesis 1: There are significant differences in the psychological characteristics of wealthy individuals as compared with the mass affluent.

Hypothesis 2: There are significant differences in the financial behaviors of wealthy individuals as compared with the mass affluent.

Method

Participants

Because of the difficulty of obtaining data from this exclusive group, various standards have been applied by researchers to delineate the wealthy. According to the [Internal Revenue Service \(2012\)](#), in 2010 the top 1% of earners in the United States had income of \$370,000 or higher, whereas the top 10% of earners had incomes from \$117,000 to \$370,000. Net worth is also an important benchmark for determining inclusion in the top tiers of wealth. It can be argued that net worth is even more important than income in classifying degrees of wealth ([Gebeloff & Dewan, 2012](#)). While comprehensive data on the net worth in U.S. households is more difficult to access, the median net worth for the top 10% of Americans in 2010 was approximately \$1.2 million ([Bricker, Kennickell, Moore, & Sabelhaus, 2012](#)).

For the purposes of this study, wealthy individuals were defined as respondents who indicated they had \$370,000 or more in yearly income and/or \$2.5 million or more in net worth. As such, individuals in this sample classified as wealthy were in the top 1% to 5% of Americans in terms of income and/or net worth. The sample used to explore this question consisted primarily of individuals recruited through financial-planning firms. Through the use of several listserves of financial planners, firms were invited to participate in a study on financial psychology by passing the survey link along to their clients via email. In total, 1,096 respondents participated in the survey in 2012. As a result of this sampling method, the respondents tended to have significantly higher self-reported income (mean of \$145,206; median of \$85,000) and net worth (mean of \$3,744,047; median of \$850,000) than the average U.S. population.

An overview of descriptive sample characteristics can be found in [Table 1](#). Approximately 31% of the sample ($n = 178$) were members of the wealthy group as defined by \$2.5 million or more in net worth and/or had \$370,000 or more in yearly income. The wealthy in the sample had an average approximate net worth of \$10.7 million (median = \$2.2 million) and an average income of \$271,000 (median = \$150,000). The comparison group in the study ($n = 837$) had an average net worth of \$582,000 (median = \$500,000) and an average income of \$88,000 (median = \$70,000). Given that the income and net worth of the comparison group is much higher than that of the average American, we used the term *mass affluent* to describe them.

The total sample was slightly skewed toward males (63%) and individuals over the age of 55 (68%), which may be expected given that respondents were identified through financial planners. The vast majority of the sample was White (94%), had at least a college education (77%), and reported being married (73%). The majority of the sample attended a public high school, including 75% of the wealthy and 81% of the mass affluent. Fifty-seven percent of the wealthy reported working full time (53% for the mass affluent), while ~32% reported being retired (38% of the mass affluent were retired). Lastly, 58% of the wealthy in the sample reported that their family has been at its current socioeconomic level for just one generation, with 48% of the mass affluent reporting the same. Just 15% of the wealthy in the sample reported that their family has been at its current SES for three or more generations, while this was true for 21% of the mass affluent.

Measures

The variables of interest in this study included a range of measures developed around demographic characteristics, psychological variables, and financial behaviors.

Demographic characteristics. Sociodemographic characteristics of interest included gender, age, race/ethnicity, marital status, education, work status, attendance in public or private high school, occupation, and length at which one's family has been at its current socioeconomic level: one generation (me), two generations (my parents and me), three generations (grandparents, parents, and me), four generations (great-grandparents, grandparents, parents, and me), or five or more generations. Self-reported subjective SES in childhood was measured through the use of the MacArthur Scale of Subjective SES ([Adler, Epel, Castellazzo, & Ickovics, 2000](#)). On this single-item, 10-point scale, participants were asked to place themselves on a ladder representing the SES

Table 1
Sample Bivariate Characteristics

Characteristic	Total sample <i>n</i>	Total sample %	Wealthy <i>n</i>	Wealthy %	Mass affluent <i>n</i>	Mass affluent %
Gender						
Male	637	63.07	126	70.79	511	61.42
Female	373	36.93	52	29.21	321	38.58
Age						
Less than 44	157	15.54	20	11.24	137	16.47
Age 45–54	167	16.53	36	20.22	131	15.75
Age 55–64	306	30.30	60	33.71	246	29.57
Age 65 plus	380	37.62	62	34.83	318	38.22
Race						
White	946	93.66	170	95.51	776	93.27
Non-White	64	6.34	8	4.49	56	6.73
Education attainment						
Less than college graduate	277	27.43	30	16.85	247	29.69
College graduate	394	39.01	70	39.33	324	38.94
Postgraduate degree	339	33.56	78	43.82	261	31.37
Type of high school						
Public	819	81.09	133	74.72	686	17.55
Private	191	18.91	45	25.28	146	82.45
Marital status						
Married	737	72.97	145	81.46	592	71.24
Previously married	169	16.73	21	11.80	148	17.81
Single	103	10.20	12	6.74	91	10.95
Work status						
Full-time	531	52.57	100	56.49	431	52.24
Retired	379	37.52	56	31.64	323	39.15
Other work	92	9.11	21	11.86	71	8.61
Generational money status						
First generation	486	48.12	102	57.63	384	46.77
Second generation	298	29.50	49	27.68	249	30.33
Third generation or more	214	21.19	26	14.69	188	22.90

of people in the United States based on money, education, and jobs, where 1 = *the people who are the worst off* and 10 = *the people who are the best off*. To measure subjective SES during childhood, the first sentence of the question was changed to, “Where on this ladder would you place your family during your growing up years?”

Psychological variables.

Money scripts. The Klontz Money Script Inventory-Revised (KMSI-R) was used to assess money beliefs (Klontz, Seay, Sullivan, & Canale, 2014). In prior research, the four KMSI subscales have been shown to correlate with income, net worth, and revolving credit and are associated with a range of disordered money behaviors (Klontz & Britt, 2012; Klontz et al., 2011). The subscales include Money Avoidance, Money Status, Money Worship, and Money Vigilance.

Money avoidance beliefs include statements such as “*money corrupts people*,” “*rich people are greedy*,” “*people get rich by taking advantage of others*,” and “*good people should not care about money*.” Money avoidance has been found to be negatively associated with income ($r = -.23$) and net worth ($r = -.22$; Klontz et al. 2011) and positively associated with compulsive buying, workaholism, financial dependence, financial enabling, and financial denial (Klontz & Britt, 2012). Money worship includes beliefs such as “*more money will make you happier*,” “*things would get better if I had more money*,” and “*money would solve all my problems*.” Money worship is

negatively correlated with income ($r = -.13$), net worth ($r = -.24$), and paying off one's credit cards monthly so as not to accrue interest ($r = -.16$; Klontz et al., 2011) and positively associated with compulsive buying, hoarding, workaholism, financial dependence, financial enabling, and financial denial. Money status beliefs include statements such as "I will not buy something unless it is new" and "your self-worth equals your net worth." Money-status beliefs are negatively associated with income ($r = -.13$), positively correlated with growing up in a lower socioeconomic household ($r = .10$), and predictive of compulsive buying, gambling disorder, hoarding, workaholism, financial dependence, financial enabling, financial denial, financial enmeshment, and lying to one's spouse about spending.

In contrast, the fourth subscale, money vigilance entails beliefs around the importance of frugality and saving and has been found to be a financial-health-protective factor. Money-vigilance beliefs include statements such as "it is important to save for a rainy day," "you should not tell others how much money you have or make," and "money should be saved not spent." Money vigilance has been found to be positively correlated with paying off one's credit cards each month ($r = .10$) and lower levels of compulsive buying, pathological gambling, financial-enabling behaviors, financial denial, and lying to one's spouse or partner around spending. The KMSI-R retains 32 of the original 51 KMSI items. Internal consistency coefficients (Cronbach's alpha = α) for the KMSI-R have ranged as follows: money avoidance = .81-.84, money worship = .69-.75, money status = .74-.75, and money vigilance = .63-.66 (Britt, Klontz, Tibbetts, & Leitz, 2014; Klontz, Seay, Sullivan, & Canale, 2014). Internal consistency for the KMSI-R in the current study were as follows: money avoidance $\alpha = .82$, money worship $\alpha = .68$, money status $\alpha = .73$, and money vigilance $\alpha = .58$.

Locus of control. Locus of control was measured using a 7-item External Locus of Control Scale based on Rotter's (1975, 1966) Locus of Control Scale. This scale was included in the 1999 Freddie Mac Consumer Credit Survey of consumer characteristics (Grable, Archuleta, & Roy, 2011) and has been used in other research on financial behaviors, with Cronbach's α of .76 (Grable, Park, & Joo, 2009) and .87 (Perry & Morris, 2005) reported. Respondents indicated their level of agreement using a 5-point Likert-type scale. Items included statements such as, "There really is no way I can solve some of my problems" and "I have little control over the things that happen to me." Two items are reversed scored, with scores ranging from 7-35. Higher scores indicate a tendency toward an external locus of control. A Cronbach's α for the current study of .79 was observed.

Financial satisfaction, financial stress, and financial knowledge. Measures of financial satisfaction, financial stress, and subjective financial knowledge were collected to investigate individual's perception of their current financial situation. Financial satisfaction, financial stress, and financial knowledge were all measured on one-item 10-point-stair-step questions used by Joo and Grable (2004). Specifically, financial stress was assessed by asking respondents "How stressed do you feel about your personal finances?" on a scale of 1 to 10, where 1 = not at all, 5 = average, and 10 = extremely. With regard to financial knowledge, respondents were asked "How would you rate your financial knowledge level compared to your friends?" on a scale of 1 to 10, where 1 = lowest level and 10 = highest level. Financial satisfaction, which generally signifies contentment with one's objective and subjective financial situation (Joo & Grable, 2004), was measured by asking respondents "How satisfied are you with your overall financial situation?" on a scale of 1 to 10, where 1 = very dissatisfied and 10 = very satisfied.

Risk tolerance. Risk tolerance was assessed by one item from the Grable and Lytton (1999, 2003) risk-tolerance assessment. The item asked respondents "In general, how would your best friend describe you as a risk taker?" where 1 = a real risk avoider, 2 = cautious, 3 = willing to take risks after completing adequate research, and 4 = a real gambler. While one-item measures do not offer a comprehensive view of risk tolerance, for the purposes of limiting the length of surveys to encourage more respondents, it is common to use just one risk-tolerance question in consumer-finance research (Grable, 2008).

Life satisfaction. The Satisfaction With Life Scale (Diener, Emmons, Larsen, & Griffin, 1985) was used to measure life satisfaction. Respondents were asked to indicate how strongly they agreed or disagreed with five statements on a scale of 1 to 7, where 1 = strongly disagree and 7 = strongly

agree. Scores range from 5 to 35 with higher scores indicating greater life satisfaction. The Satisfaction With Life Scale has been shown to have strong internal consistency, with Cronbach's α ranging from .79 to .89 (Pavot & Diener, 1993). Cronbach's α for the Satisfaction With Life Scale in the current study was observed to be .89.

Cognitive biases/investing problems. Three common cognitive biases associated with investment management were measured: (a) *overconfidence* ("I am an above average investor"), (b) *loss aversion* ("When an investment loses money I usually hold onto it so I don't have to realize the loss"), and (c) *investment mistakes* ("I have made one or more major investment mistakes"). Respondents were asked to indicate the extent to which they agreed or disagreed with these statements using a 6-point Likert-type scale, where 1 = *strongly disagree*, 2 = *disagree*, 3 = *disagree a little*, 4 = *agree a little*, 5 = *agree*, and 6 = *strongly agree*.

Tax aversion. One question related to taxes was created for this study and used in the analysis to assess respondents' aversion to paying taxes: "I am against the whole idea of paying taxes." Respondents were asked to indicate the extent to which they agreed or disagreed with the statement using a 6-point Likert-type scale, where 1 = *strongly disagree*, 2 = *disagree*, 3 = *disagree a little*, 4 = *agree a little*, 5 = *agree*, and 6 = *strongly agree*.

Wealth motivation. To investigate the wealth motivations of respondents, two questions were developed for this study and included to measure the extent to which they agree or disagree with the following statements: (a) *Much of my financial success has come about because of a commitment to follow my passions* and (b) *Much of my financial success has come about because of a fundamental drive to increase my wealth*. Responses were collected on a scale of 1 to 6, where 1 = *strongly disagree*, 2 = *disagree*, 3 = *disagree a little*, 4 = *agree a little*, 5 = *agree*, and 6 = *strongly agree*.

Financial and social behaviors.

Financial behaviors. Three scales of the Klontz Money Behavior Inventory (Klontz & Britt, 2012; Klontz, Britt, Archuleta, & Klontz, 2012) were used to assess money behaviors of interest in higher net worth populations. Specifically, the subscales of Financial Dependence, Financial Enabling, and Workaholism. These scales have been shown to have good internal consistency, with Cronbach's α as follows: Financial Dependence = .79, Financial Enabling = .87, and Workaholism = .87 (Klontz, Britt, Archuleta, & Klontz, 2012). Internal consistency for these scales in the current study were as follows: Financial Dependence (α = .64), Financial Enabling (α = .77), and Workaholism (α = .82). Financial dependence includes a fear of being cut-off from nonwork income, resentment about money received, and a stifling of passion, creativity, motivation, or drive to succeed. Financial enablers have trouble refusing financial requests from friends and family members and feel taken advantage of financially. Although workaholics tend to have higher income, they feel an irresistible urge to work and have trouble enjoying time away from work.

Dollar cost of expenditures. On an actual dollar basis, respondents were asked, *How much did you pay for your most recent* (a) home (primary residence), (b) car, (c) vacation, and (d) watch?

Household and family-service providers. Respondents were asked to indicate whether or not (yes or no) they used the services of various professionals for their household within the past 12 months: *Have you worked with any of the following household/family service providers in the past 12 months?* These included (a) an accountant, (b) an attorney, (c) a financial advisor, (d) personal chef, (e) live-in nanny, (f) physical/athletic trainer, (g) business or life coach, (h) landscaper/gardener, (i) driver (personal or corporate), and (j) private tutor.

Interaction with neighbors. To examine the stereotype of the reclusive wealthy, respondents were asked to respond to the question, "How often do you interact with your neighbors?" on a 5-point scale, where 1 = *never*, 2 = *rarely*, 3 = *sometimes*, 4 = *often*, and 5 = *frequently*.

Statistical Analysis

We used a conservative approach to data analysis beginning with multivariate tests of main effects. If significant effects were found, we progressed to a series of independent samples *t* tests. With regard to categorical questions, a series of χ^2 tests were conducted. We adopted a .05 level of

significance for all tests. Cohen's d effect sizes were calculated for the independent t tests variables, using the pooled SD (Cohen, 1988).

Results

The Psychology of Wealth

A multivariate analysis of variance (MANOVA) was conducted to compare the wealthy and the mass affluent on 17 psychological variables. A significant main effect for the model was found: Wilk's $\lambda = .923$, $F(17, 619) = 3.02$, $p < .0001$. This test provides evidence in support of research Hypothesis 1 (There are significant differences in the psychological characteristics of wealthy individuals as compared with the mass affluent) and Hypothesis 2 (There are significant differences in the financial behaviors of wealthy individuals as compared with the mass affluent). With this initial support, a series of t tests was then run to explore the differences in the psychological characteristics of wealthy individuals and individuals classified as mass affluent. The effect sizes (d) for the psychological variables were in the small to medium range. The t tests and Cohen's d results can be found in Table 2. When compared with the mass affluent, the wealthy reported statistically significant differences in several areas.

Money scripts. The wealthy are less likely to endorse *money avoidance* beliefs. As such, they are less likely to believe that money is a corrupting influence, that rich people are greedy or get rich by taking advantage of others, that there is virtue in living with less money, or that they do not deserve money. As a result, the wealthy are less likely to sabotage their financial success, less likely to overspend or gamble compulsively, less likely to financially enable others, less likely to hoard possessions, and less likely to have trouble sticking to a budget. A significant difference was also observed on the Money Status subscale, with the wealthy scoring significantly higher. As such, they were more likely to believe that self-worth and net worth are intertwined, that success is defined by how much money one earns, that money follows good works, and money helps give life meaning.

Table 2
Psychological Variables: Means Using t Tests for Equality of Means

Variable	n	Mass affluent		Wealthy		t test	Cohen's d
		Mean	SD	Mean	SD		
Childhood SES	1,000	5.86	1.83	5.69	1.88	1.16	0.09
\$ Avoidance	826	22.44	6.21	21.19	5.29	2.27***	0.22
\$ Worship	832	20.97	5.47	21.63	5.28	-1.32	0.12
\$ Status	815	12.61	3.81	13.25	3.86	-1.79*	0.17
\$ Vigilance	823	32.26	4.43	33.92	4.87	-1.54	0.36
LOC	821	12.90	4.15	12.09	3.74	2.18**	0.21
\$ Satisfaction	999	6.51	2.32	7.29	2.33	4.07***	0.34
\$ Stress	999	4.40	2.13	3.83	2.18	3.23***	0.26
\$ Knowledge	1,001	6.98	1.85	7.86	1.75	-5.77**	0.49
Risk tolerance	1,010	2.50	.63	2.42	.58	1.57	0.13
Life satisfaction	899	27.65	6.26	29.30	5.62	3.10***	0.28
Loss aversion	828	3.44	1.23	3.11	1.10	3.06***	0.28
Invest mistakes	839	4.23	1.34	4.55	1.23	2.73***	0.25
Overconfidence	835	3.26	1.32	4.01	1.12	7.22***	0.61
Against taxes	837	2.18	1.04	2.23	1.01	-0.55	0.05
Passion success	822	3.46	1.41	3.75	1.45	-2.23**	0.29
Wealth success	830	3.59	1.38	3.92	1.48	2.60***	0.23

Note. LOC = locus of control; SES = socioeconomic status.

* $p < .10$. ** $p < .05$. *** $p < .01$.

An interesting find was that prior research has linked money-status scripts to lower SES in childhood, lower income (Klontz et al., 2011), and greater risk for a host of money disorders, including pathological gambling, compulsive hoarding, financial enabling, and workaholism (Klontz & Britt, 2012). The wealthy also reported significantly higher levels of *money vigilance* scripts. As such, they scored higher on the belief that money should be saved and not spent, are more likely to be anxious about not having enough money, and believe it is impolite to talk about money.

Locus of control. The wealthy report significantly higher levels of internal locus of control. As such, they are less likely to feel helpless in dealing with life's challenges, take more responsibility for the outcomes in their lives, have stronger beliefs in their abilities to solve problems and achieve goals, and believe they have more control over the things that happen to them.

Financial knowledge, financial satisfaction, and financial stress. When compared with the mass affluent, the wealthy reported significantly higher levels of financial knowledge and financial satisfaction and significantly less financial stress.

Risk tolerance. There were no significant differences between the self-reported risk tolerance of the wealthy and the mass affluent in the sample. On average, both groups indicated that in terms of risk-taking, their friends would describe them as *cautious*.

Life satisfaction. The wealthy reported significantly higher levels of *life satisfaction*. This includes believing that the conditions of one's life are excellent, and that one's life is close to ideal in most ways; they have less regret and believe that they have gotten the important things they want in life.

Cognitive biases/investing problems. Rather than being immune to common investor mistakes, the wealthy endorsed a cognitive bias that has been associated with investing mistakes. Specifically, they reported significantly higher levels of confidence in their investing acumen. Furthermore, they were significantly more likely to report making one or more major investing mistakes. However, when compared with the mass affluent, the wealthy reportedly being significantly less likely to report holding onto losing positions to avoid experiencing a loss.

Tax aversion. There were no significant differences with regard to aversion to paying taxes between the wealthy and the mass-affluent individuals in the study. On average, both groups indicated that they *disagree* with the statement, "*I am against the whole idea of paying taxes.*"

Wealth motivation. The wealthy individuals were significantly more likely than the mass affluent to report attributing their financial success to both a fundamental drive to increase their wealth and a commitment to follow their passions.

Financial and Social Behaviors

Financial habits of the wealthy were also explored in this study to see what differences, if any, exist between wealthy individuals and mass-affluent individuals. A MANOVA was conducted to compare the wealthy and the mass affluent on eight financial and social-behavior variables. This test provides evidence in support of research Hypothesis 2 (There are significant differences in the financial behaviors of wealthy individuals as compared with the mass affluent). A significant main effect for the model was found: Wilk's $\lambda = .820$, $F(8, 647) = 17.70$, $p < .0001$. A series of *t* tests was then run to explore differences in the financial behaviors of wealthy individuals and individuals classified as mass affluent. The *t* tests and Cohen's *d* results can be found in Table 3. Chi-square test results for the categorical variables can be found in Table 4. Medium to large effects were observed in the spending habits of the wealthy as compared with the mass affluent. When compared with the mass affluent, the wealthy reported statistically significant differences in several areas.

Money disorders. Despite the trust-fund-baby stereotype, the wealthy in this sample were not significantly more likely to be financially dependent on nonwork income than mass-affluent individuals. Nor were significant differences in financial-enabling behaviors or workaholism observed between the wealthy and the mass affluent.

Dollar cost of recent expenditures. As might be expected, the wealthy reported spending significantly more money on their latest purchases than the mass affluent. Specifically, they spent 106% more on the most recent home (\$542,000 vs. \$263,000), 48% more on the most recent car

Table 3
Financial and Social Behaviors: t Tests for Equality of Means

Variable	n	Mass affluent		Wealthy		t test	Cohen's d
		Mean	SD	Mean	SD		
\$ Enable	817	15.06	4.78	15.56	5.25	-1.13	0.10
\$ Dependence	809	9.45	2.97	9.67	3.53	-0.78	0.07
Workaholism	789	25.63	8.19	26.26	8.78	-0.82	0.16
\$ Home	695	252,309	218,076	534,918	442,249	-7.72***	0.86
\$ Car	706	26,347	16,685	39,293	19,209	-7.75***	0.72
\$ Vacation	699	4,027	4,863	8,166	8,003	-6.17***	0.64
\$ Watch	795	314	1,054	829	1,757	-3.37***	0.37
Talk to neighbors	906	2.46	1.08	2.47	1.06	-0.16	0.01

* $p < .10$. ** $p < .05$. *** $p < .01$.

purchase (\$40,000 vs. \$27,000), 98% more on the last vacation (\$8,300 vs. \$4,200), and 150% more on the last watch (\$1,090 vs. \$440).

Household and family-service providers. Significant differences were also observed in the number of household and family-service providers employed in the past 12 months by the wealthy and mass-affluent individuals in the sample. While there was not enough power to analyze hiring around nannies or personal chefs, the wealthy were significantly more likely to employ the services of an accountant, an attorney, a financial advisor, a landscaper, a physical trainer, a business or life coach, and a landscaper/gardener. While much less common, the wealthy were also significantly more likely to employ the services of a personal or corporate driver (13% vs. 4%). There were no significant differences between the wealthy and the mass affluent in their employment of educational tutors.

Interaction with neighbors. No significant difference was found between the wealthy and the mass affluent in terms of the degree to which they interacted with their neighbors. On average, both groups indicated that they *rarely* interact with their neighbors.

Discussion

This study sought to examine the wealthy across a range of personality, behavior, and sociodemographic variables. Based on the theories of money ambivalence and cognitive dissonance, the

Table 4
Financial and Social Behaviors: χ^2 Tests

Variable	n	Mass affluent %	Wealthy %	χ^2
Accountant	862	62.78	86.71	33.49***
Attorney	823	50.82	69.33	16.94***
Financial advisor	884	85.01	90.45	3.16*
Personal chef	737	1.63	6.40	N/A
Nanny	741	3.41	6.35	N/A
Physical trainer	764	24.01	38.93	12.38***
Life coach	752	15.81	23.81	4.71**
Landscaper	810	43.05	70.95	37.70***
Driver	739	3.92	12.70	15.75***
Tutor	745	5.19	7.03	0.69

* $p < .10$. ** $p < .05$. *** $p < .01$.

psychology of envy, and relative deprivation, the argument was made that negative views of the wealthy are pervasive and levels of resentment may be keeping pace with the growing wealth gap in the United States. Whether deserved or not, research has supported the notion that negative beliefs about money and wealthier individuals are associated with lower income, lower net worth, and a host of financially self-destructive behaviors (Klontz & Britt, 2012).

The purpose was to explore common stereotypes of the wealthy and examine the financial psychology of wealthy individuals compared with individuals who could be classified as mass affluent, with the goal of increasing our understanding of this group of individuals. Significant differences were found in the financial psychology of the wealthy compared with other higher net worth individuals. The largest psychological differences with medium effect sizes were observed in the areas of overconfidence in investing acumen ($d = 0.61$), financial knowledge ($d = 0.49$), and financial satisfaction ($d = 0.34$).

In addition, the wealthy endorsed less money-avoidant beliefs, more money-status beliefs, a more internal locus of control, less of a tendency for loss aversion, and were significantly more likely to attribute their financial success to both a drive to increase their wealth and a commitment to follow their passions.

With regard to financial behaviors, the wealthy were more likely to report workaholic behaviors and admit to making significant investment mistakes. The wealthy were not more likely to be financially dependent, were no more likely to be averse to paying taxes, were not more reclusive, and tended to be first-generation earners who worked full-time and were products of public high schools. The largest differences were seen in the amount of money the wealthy paid for their most recent purchase compared with the mass affluent. On average, the wealthy paid twice as much for their homes and their most recent vacations and ~50% more for their most recent car purchases. The wealthy in this sample had an income approximately twice as much as the mass affluent, which appears to correspond with their purchases. However, the wealthy had a median net worth 340% higher than the mass affluent, suggesting that income could be a better indicator of spending habits than net worth.

Mental-health Professionals and Money

Mental-health professionals are not immune to negative beliefs about money and wealth. Of particular interest to consulting psychologists is that mental-health professionals may be at even higher risk of money-avoidant beliefs and poor financial health. Specifically, one study found that when compared with other professionals, mental-health professionals were less likely to pay off credit cards each month, have a budget, have adequate insurance, have money set aside for emergencies, have confidence in their financial knowledge, and report comfort with their financial status (Britt, Klontz, Tibbetts, & Leitz, 2014). When compared with financial planners, mental-health professionals were more likely to endorse money avoidance and antirich beliefs and to engage in financial-denial behaviors (e.g., avoiding looking at bank statements, trying to forget about one's financial situation; Klontz & Britt, 2012). A mental-health professional who is experiencing significant financial stress related to his or her own lack of financial health could be less effective in overall job performance.

It has been suggested that therapists' own unresolved money issues have led to the topic of money being avoided in the psychological literature, even though money is consistently the primary source of stress in the lives of three out of four Americans (Klontz et al., 2008; Trachtman, 1999). In addition to potential stress associated with one's own financial health, an avoidant or ambivalent relationship with money can impact the work of a consulting psychologist in several ways. First, it can have a negative impact on the consulting psychologist's ability to maintain rapport and positive regard with wealthier clients, including higher level executives, who may belong to a higher socioeconomic class. This could lead to feelings of envy and/or relative deprivation that interfere with the ability to establish rapport and the consulting process. A lack of familiarity with the norms, backgrounds, and psychology of people from different socioeconomic classes can also have a negative impact on the consulting process. Schein (2003) cautioned that failure to take adequate sociological and cultural considerations of one's client into account can have a negative impact on

the consulting-psychology relationship and can negatively impact outcomes. As such, it follows that a better understanding of the financial psychology of wealthier individuals can help the consulting psychologist better serve his or her wealthier clients.

As mentioned above, negative beliefs about money and attitudes toward the wealthy have been associated with poor financial outcomes and self-destructive financial behaviors (Klontz, & Britt, 2012). The present study adds supports for the association between money beliefs and income and net worth. It follows that psychological intervention targeting self-limiting financial beliefs and self-destructive financial behaviors could be useful in helping clients challenge and change their problematic money beliefs and improve their financial trajectory. Several psychotherapeutic approaches have been adapted to address the psychological components of clients' financial health in an effort to improve their financial status and psychological well-being, including cognitive-behavioral therapy, solution-focused therapy, systemic therapy, humanistic therapy, psychodynamic therapy, and motivational interviewing (Klontz, Britt, & Archuleta, 2015).

Limitations and Future Directions

There are important limitations to this study. While the respondents were drawn directly from clients of financial planners, they were a convenience sample, and as such, they were not selected at random. The study relied exclusively on self-report data and there was no direct observation of behaviors or objective measures of financial status. Furthermore, the results are strictly descriptive and cannot be used to establish cause-and-effect relationships between personality variables and SES. These findings would benefit from further scrutiny and cross-validation from a randomly selected multicultural sample, both within the United States and abroad. Additionally, a larger and more diverse sample would allow for examining whether differences in financial psychology exist across various demographic groups, including comparing money beliefs across various generations (e.g., Millennials vs. Baby Boomers).

While there are limits to this study, it is offered as a glance into the psychological characteristics and financial behaviors of this group of individuals who are not well understood but frequently served by consulting psychologists. Future research could explore the nature of these personality characteristics to see if they predict future inclusion in higher socioeconomic groups. If certain personality traits are predictive, it could provide support for cognitive-behavioral interventions targeting beliefs, attitudes, and behaviors that are keeping a person from reaching his or her goals. When limiting financial beliefs are identified, they can be changed (Klontz & Britt, 2012). There is also evidence to support the notion that psychological traits can change over time (Borghans et al., 2008) and can be altered by therapeutic interventions (De Fruyt, Van Leeuwen, Bagby, Rolland, & Rouillon, 2006). A deeper understanding of the wealthy can help consulting psychologists better serve this population and help individuals aspiring to increase their income and net worth by challenging inaccurate beliefs about this population's psychology and financial behaviors.

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