



Trauma-informed Economic Empowerment

DOMESTIC VIOLENCE LAW CLINIC | GENDER JUSTICE WORKSHOP





This project aims to:

- **RE-IMAGINE**

Help re-imagine financial empowerment programs to integrate a holistic approach. Decenter financial “know-how” and focus on healing the emotional, psychological, and systemic effects of trauma on survivors.

- **EDUCATE & NORMALIZE**

Educate the public about financial trauma and normalize it.

- **INVITATION TO TAKE ACTION**

Continue developing and/or integrating these concepts in your role as advocate, provider of financial wellness services, and leader in your community.




This training is for:

- Advocates, policymakers, and/or providers of financial wellness services.
- People who want to learn about how trauma-informed approaches can benefit vulnerable populations.
- People interested in learning about the dynamics of financial abuse and pathways to healing.




Land Recognition

We acknowledge that our work takes place on Tohono O'odham Nation homelands and the lands of the Pascua Yaqui Tribe. We would like to pay respect to the Elders past, present, and emerging, acknowledging them as the traditional custodians of knowledge for these places.





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- A. Intro: The Need for Trauma-Informed Financial Education
 - B. Defining Trauma and Economic Abuse
 - C. Financial PTSD and the Scarcity Mindset
 - D. Institutional Re-traumatization
 - E. Mitigating Shame through an Economic Justice Framework
 - F. Conclusion: Takeaways for Helping Victims of Economic Trauma and Abuse
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A. Intro: The Need for Trauma-informed Financial Education






Economic Empowerment Project



Major Obstacle:
Financial dependence/
Financial insecurity



Economic Empowerment Project



Empowering Survivors \$
=
Financial Literacy?




Economic Empowerment Project



Lessons learned:

- Not useful for people experiencing trauma.
- No acknowledgment of role of trauma in victims' relationship to \$.
- No acknowledgement of trauma undercutting financial wellness.



What's the problem with (non-TI) Financial Literacy?

"For decades now, the pervasive mindset across the country has been that, if poor people just had the knowledge to make sound financial decisions, they could lift themselves out of their financial despair. The idea was that, with knowledge, low-income people and people of color would be motivated, have an "a-ha" moment about how to change their 'destructive' behaviors."

Prosperity Now's [Financial Coaching Program Design Guide: A Participant-Centered Approach](#)




“Even if someone attends all the financial literacy courses in town...

- *if they are living below the minimum wage,*
- *if they are unable to afford safe housing,*
- *if they are unseen by financial institutions, and*
- *if larger structural barriers – such as policies that deter saving, lack of affordable housing stock, discriminatory practices in lending and neighborhood segregation – continue to be at play...*

... They will not be able to overcome barriers that impede their ability to thrive financially and accumulate wealth.”

Prosperity Now's [Financial Coaching Program Design Guide: A Participant-Centered Approach](#)



What's the problem
with (non-TI) Financial
Literacy?

EMBEDDED LEGACIES

Denies the impact of systems of oppression.



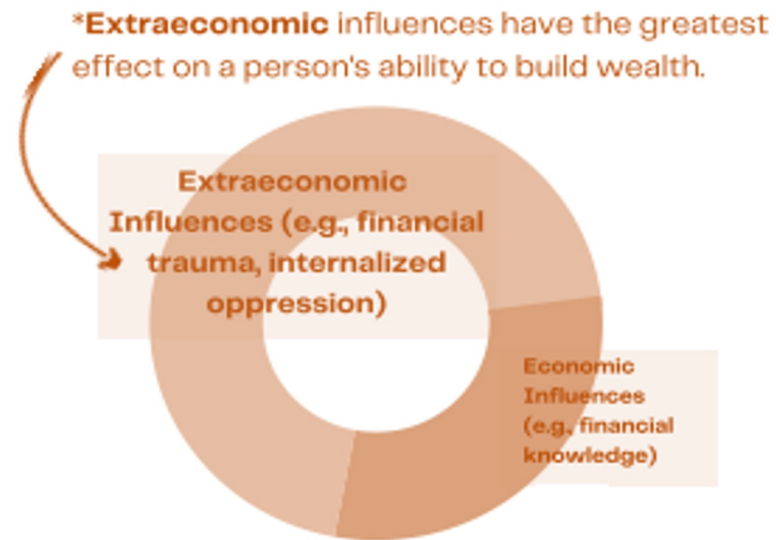
Emphasizes *individual behavior*
over *oppressive systems*.



Normalizes economic violence.



Why Does this Matter?



McKenzie, C (in press) Broadening our understanding of wealth-building capability: A briefing paper. The Center for Financial Trauma and Wealth Justice.

Re-imagining the Meaning of Financial Empowerment

- Survivor-centered
- No more victim-blaming frameworks
- Prioritize healing





Becoming Trauma-Informed

Understanding role of trauma
in client's recovery.

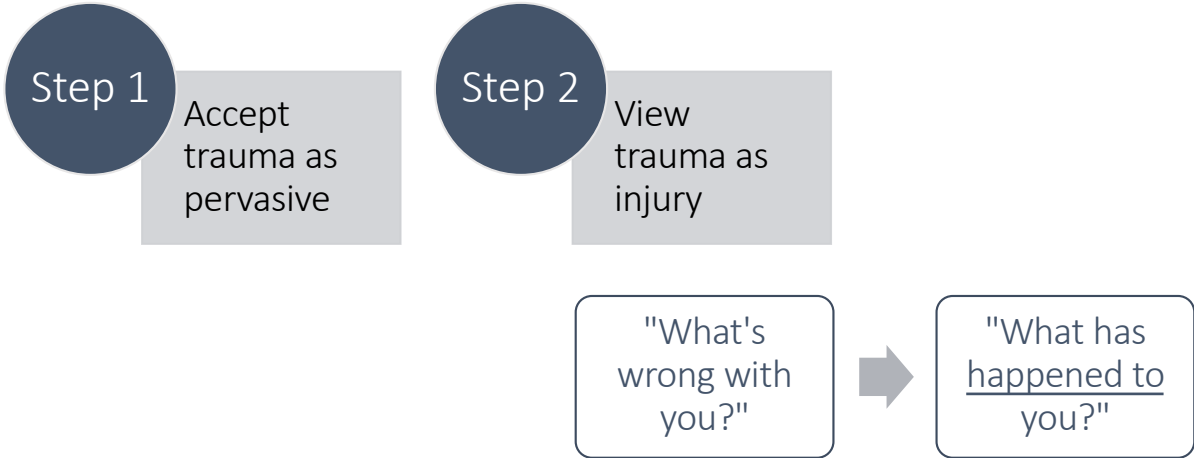


Promotes safety, trust, and
compassion.



Knowledge about trauma
belongs to everyone.







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B. Defining Trauma and Economic Abuse



What is Trauma?

“A traumatic event that involves a single experience, or enduring repeated or multiple experiences, that completely overwhelm the individual’s ability to cope or integrate the ideas and emotions involved in that experience”

"Complex Trauma"

Trauma & External Circumstance

“The severe distress, harm, or suffering that results from overwhelming mental or emotional pain or physical injury.”

Discrimination Historical
and/or
Generational
Trauma Marginalization

Trauma & the Brain



“Various forms of trauma influence the development and breaking of neuro-pathways within the brain, which then directly affects the decision-making process.”

What is Financial Trauma?



“The response to the cumulative effect of being required to experience economic violence, financial abuse, financial shaming, and/or (chronic) financial stress to attain or sustain material safety.”



Understanding Financial Abuse



Preventing victim from getting or keeping a job

Making victim ask for money

Giving an allowance

Taking away money

No access to family income

Coerced debt

Forcing victim to take out student loans, using \$ for something else

Refusing to pay child support

How is financial abuse unique compared to other types of abuse?



MOST HIDDEN AND EASILY CONCEALED

Easily undetected, abusers go unchallenged. Money is taboo subject and abusers bank on this.

KNOWS NO BOUNDARIES

Disproportionate effect on marginalized communities but still happens across social class, gender and age. It's far reaching.

DEVASTATING LONG-TERM EFFECTS

It's destruction and daily impact on lives of victims can last years after the relationship has ended.

Source: NCADV / NEFE's "Creating and Sustaining Financial Well-Being" webinar



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C. Financial PTSD and the Scarcity Mindset



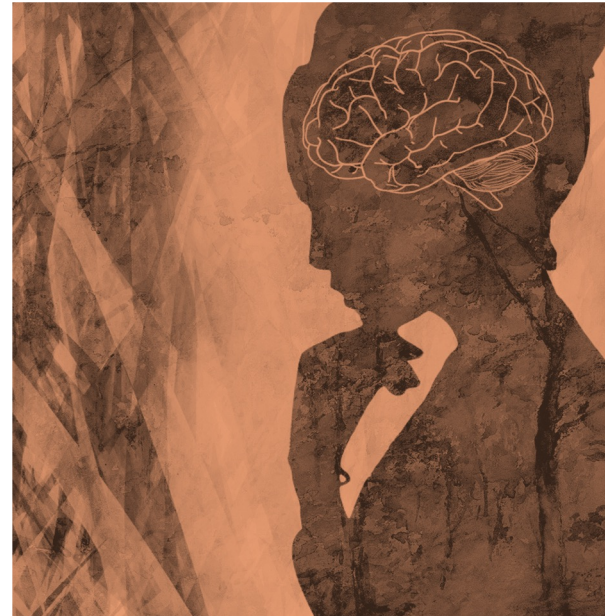


Trauma and financial behavior are deeply interconnected.



FINANCIAL PTSD

“It is the **physical**,
emotional and **cognitive**
deficits people experience
when they cannot cope with
either **abrupt** financial loss
or the **chronic stress** of
having inadequate financial
resources.”



“It interferes with ability to carry out **normal work** and **home life functions**, and manifests in multiple areas of the person’s being.”





[Chloe McKenzie's interview in BadWithMoney podcast](#)

5 Automatic Trauma Responses

1. Fight
2. Flight
3. Freeze
4. Appease
5. Dissociate



- Negative thought patterns, rumination on failure
- Concentrating is difficult
- Perceived hostility, “only a matter of time for the other shoe to fall...”



- Unresolved nervous energy: chronic insomnia, nightmares, jitteriness
- Fears mail, texts, phone
- Coping mechanisms take over: avoidance / substance abuse

Financial PTSD (feedback from local Tucson advocates)

- Difficulty building trust between advocate and client
- Secretive about \$
- Overspending / Emotional Spending
- Underspending

Scarcity Mindset



Our brain is less effective
when we feel that we lack something.

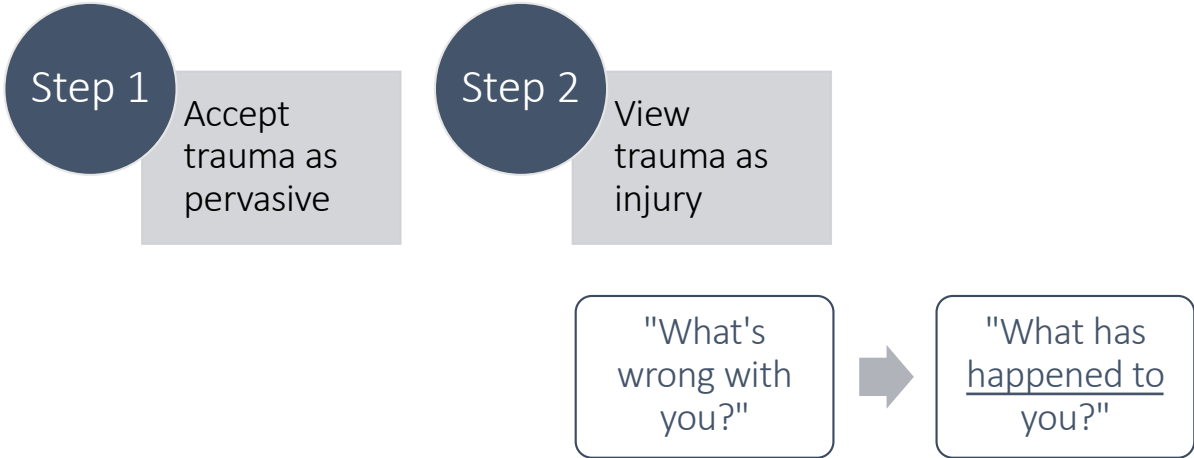
Scarcity Mindset



DIMINISHES ABILITY TO PLAN
AHEAD & PROBLEM-SOLVE


CONFUSION, MEMORY PROBLEMS,
& LANGUAGE ISSUES

MORE LIKELY TO MAKE MISTAKES
& BAD DECISIONS





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D. Institutional Re-traumatization



Re-traumatization

“A situation, attitude, interaction, or environment that replicates the events or dynamics of the original trauma and triggers the overwhelming feelings and reactions associated with them.”

Source: <https://www.socialworker.com/feature-articles/practice/preventingretraumatization-a-macro-social-work-approach-to-trauma-informed-practices-policies/>



Institutional Re-traumatization

1st step in financial independence
= public assistance

Trauma (incl. financial trauma)
can be exacerbated by injustice in
social structures, services &
institutions.

Institutional Re-traumatization

Happens not just in legal or medical institutions (police, courts, hospitals, etc.) but also social assistance services (e.g. ahcccs, welfare)

Local advocates reiterate difficulty of navigating this system



“There are always long lines at DES or long wait times on the phone and the messages you get are really inconsistent. Their policies are really rigid and it’s not a very human experience, staff members can be really cold. There is a long history in the US of vilifying people who access welfare benefits and it feels like the process is difficult on purpose.”



“... these interactions
disempower recipients
and **mimic** the conditions
of abuse.”



Source: "Women, Abuse, and the Welfare Bureaucracy",
Journal of Women and Social Work

How are conditions of abuse mimicked?

- EMOTIONAL ABUSE

Extreme rudeness

Disrespect

Humiliation

Talking down to

- ECONOMIC ABUSE

Use of sanctions

Or threatening to use sanctions to reduce benefits

Source: "Women, Abuse, and the Welfare Bureaucracy",
Journal of Women and Social Work

Services that mirror power & control experienced before

Client viewed as passive recipient; provider as superior

Organizational policies & procedures place their needs over the needs and comfort of whom they're supposed to be serving.

What can we do?



Validate process is as hard. It *is* “a thing”, “you’re not alone”.

Prepare mentally, address expectations.


Provide “coaching”: affirmations or helpful language.

QUESTIONS FOR SUPPORTING A TRAUMA-INFORMED APPROACH:

- To what extent are program activities and settings consistent with the principles of: Safety, Trust, Choice, Collaboration, Compassion, and Empowerment?
- To what extent does the program maximize trustworthiness by making service delivery clear, ensuring consistent... open, honest, and respectful communication?
- To what extent does the program maximize client experiences of choice and control?



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E. Mitigating shame through an

Economic Justice framework





How does Economic Justice fit into this?

Unjust economic structures can exacerbate trauma



Manifests as shame



“If you’re poor, it’s your own fault”



“The narratives made available to us through financial literacy too often proclaim a common message: the deprived, self-inflicting character of disadvantaged and marginalized populations themselves lead to the socioeconomic harm and economic violence they experience.

In other words, *they are to blame* if they are socioeconomically harmed.

This violent message is false and must end.”



Redefining Economic Abuse

Shedding light
on the systemic obstacles
impeding equitable access to \$



Poverty Traps

A mechanism that makes it very difficult for people to escape poverty.

Jobs with low hourly wages

Little opportunity for promotion

Poverty Traps



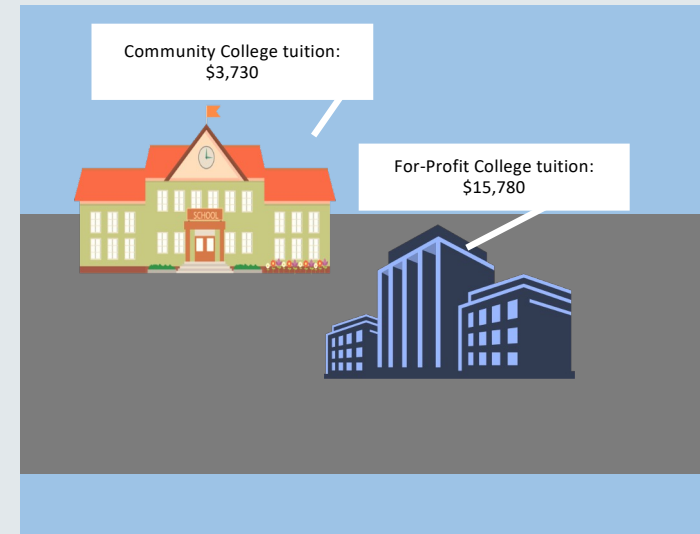
Payday Lenders

Poverty Traps



Enrolling in for-profit universities or trade programs with no good job prospects

Poverty Traps



Lack of quality and
affordable childcare

Can't afford to have a job

Poverty Traps



The Cash Bail system

Poverty Traps



Domestic Violence

Poverty Traps






**When most people in our
country are just getting by,
rather than getting ahead,
*the system is what is broken...***

... not you.



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F. Takeaways for Helping Victims of Economic Trauma and Abuse





NORMALIZE
& EDUCATE

LEARN TO RECOGNIZE TRAUMA RESPONSES





ACKNOWLEDGE
THEIR RESILIENCE



TRY NOT TO JUDGE

ACKNOWLEDGE
THE DIFFICULTY
OF TALKING ABOUT \$





EXAMINE POWER ISSUES

AFFIRM THE CLIENT'S AUTONOMY





HELP LABEL FEELINGS & KNOW YOUR MONEY STORY

IT TAKES TIME





YOU DON'T HAVE
ALL THE ANSWERS

YOU ARE MORE
THAN YOUR TRAUMA





Thank You

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