

# If I Can't Balance My Checkbook, How Can I Help You Balance Yours?

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# GAMBLE:

To play for money; to risk, especially by financial speculation; to lose or squander in speculative ventures; a risking undertaking, a reckless speculation.

-Webster's Dictionary

# Compulsive/Pathological Gambling:

...a progressive disorder characterized by a continuous or periodic loss of control over gambling; a preoccupation with gambling and with obtaining money with which to gamble; irrational thinking; and a continuation of the behavior despite the adverse consequences.

(Source: Dr. Richard Rosenthal, Psychiatric Annals, February 1992)

# Problem Gambling

...a level of gambling that brings problems and/or pain to the gambler and/or his/her family.

(Source: Texas Council on Problem and Compulsive Gambling, 1992)

# Definition of Gambling

“Any betting or wagering, for self or others, whether for money or not, no matter how slight or insignificant, where the outcome is uncertain or depends upon chance or ‘skill,’ constitutes gambling.”

-Gamblers Anonymous

# Similarities Between Pathological Gambling and Substance Abuse

- Inability to stop
- Denial
- Severe depression and mood swings
- Progressive disease with similar phases and stages
- Chasing the win/high
- First drink/first win remembered
- Addiction used to escape from pain
- Preoccupation with getting the activity started
- Use of rituals
- Immediate gratification

# Differences Between Pathological Gambling and Substance Abuse



- Hidden addiction
- Individuals cannot overdose; there is no saturation point
- Pathological gamblers can function at work site
- Cannot be detected in a setting like drug testing
- Does not require ingestion of chemicals

# Differences Between Pathological Gambling and Substance Abuse

Tremendous financial problems which require immediate attention in treatment.

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## **Money vs Action**

**-Gamblers Never Lose**

**-Time + Money = Opportunity to Gamble**

## Do You Love Someone With A Gambling Problem?

1. Do you find yourself constantly bothered by bill collectors?
2. Is the person in question often away from home for long, unexplained periods of time?
3. Does the person ever lose time from work due to gambling?
4. Do you feel that this person cannot be trusted with money?
5. Does the person in question faithfully promise that he or she will stop gambling; beg, plead for another chance, yet gamble again and again?
6. Does the person ever gamble longer than he or she intended to until the last dollar is gone?
7. Does this person immediately return to gambling to try to recover losses, or to win more?
8. Does this person ever gamble to get money to solve financial difficulties, or have the unrealistic expectations that gambling will bring the family material comfort and wealth?
9. Does this person borrow money to gamble with or to pay gambling debts?
10. Has this person's reputation ever suffered due to gambling, even to the extent of committing illegal acts to finance gambling?
11. Have you come to the point of hiding money needed for living expenses, knowing that you and the rest of the family may go without food and clothing if you do not?

12. Do you search this person's clothing or go through his or her wallet when the opportunity presents itself, or otherwise check on his or her activities?
13. Does the person in question hide his or her money?
14. Have you noticed a personality change in the gambler as his or her gambling progresses?
15. Does the person in question consistently lie to cover up or deny his or her gambling behavior?
16. Does this person use guilt induction as a method of shifting responsibilities for his or her gambling upon you?
17. Do you attempt to anticipate this person's moods, or try to control his or her life?
18. Does this person ever suffer from remorse or depression due to gambling sometimes to the point of self-destruction?
19. Has the gambling ever brought you to the point of threatening to break up the family unit?
20. Do you feel that your life together is a nightmare?

**If you answered yes to six or more of these questions, the person you care about probably has a gambling problem.**

# Gamblers Anonymous Twenty Questions

2. Have you ever lost time from work due to gambling? Yes/No
3. Has gambling ever made your home life unhappy? Yes/No
4. Has gambling effected your reputation? Yes/No
5. Have you ever felt remorse after gambling? Yes/No
6. Do you ever gamble to get money with which to pay debts or otherwise solve financial difficulties? Yes/No
7. Does gambling cause a decrease in your ambition or efficiency? Yes/No
8. After losing, do you ever feel you must return as soon as possible and win back your losses? Yes/No
9. After a win, do you have a strong urge to return and win more? Yes/No
10. Do you often gamble until your last dollar is gone? Yes/No
11. Do you ever borrow to finance your gambling? Yes/No

# Gamblers Anonymous Twenty Questions

11. Have you ever sold anything to finance your gambling? Yes/No
12. Are you reluctant to use “gambling money” for normal expenditures? Yes/No
13. Does gambling make you careless of the welfare of yourself and your family? Yes/No
14. Do you ever gamble longer than you had planned? Yes/No
15. Have you ever gambled to escape worry or trouble? Yes/No
16. Have you ever committed or considered committing an illegal act to finance gambling? Yes/No
17. Does gambling cause you to have difficulty sleeping? Yes/No
18. Do arguments, disappointments, or frustrations create within you an urge to gamble? Yes/No
19. Do you ever have an urge to celebrate any good fortune by an urge to gamble? Yes/No
20. Have you ever considered self-destruction as a result of your gambling? Yes/No

# DSM IV

How many of the criteria have to do with money and finances?

# Diagnostic Criteria DSM IV

## A. Persistent and Recurrent Maladaptive Gambling

1. **Preoccupied** with gambling-past experiences, handicapping, planning next venture, planning ways to get money to gamble.
2. Needs to gamble with increasing amounts of money in order to achieve desired excitement.
3. Has repeated **unsuccessful** efforts to control, cut back or stop gambling.
4. Is **restless or irritable** when trying to cut down or stop gambling.
5. Gambles as a way to **escape** problems or relieve dysphoric mood e.g., guilt, helplessness, anxiety, depression.

# Diagnostic Criteria DSM IV

6. After losing money returns to get even or “Chasing” one’s losses.
7. **Lies** to family, therapist or others to conceal the extent of involvement with gambling.
8. **Committed illegal** acts such as fraud, forgery, theft or embezzlement to finance gambling.
9. **Jeopardized or lost** a significant relationship, job, or educational or career opportunity because of gambling.
10. Relies on others to provide money to relieve a desperate financial situation caused by gambling (**Bailout**).

**B. Gambling is not better accounted for by a Manic Episode.**

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## Therapist Roles in Treatment of Problem Gamblers

4. Connect the gambler with Gamblers Anonymous and the concerned person with Gamanon-suggestions and roadblocks.
5. Communicate an understanding of their gambling problem-teach what gambling does for them and to them and acknowledge their ambivalence.
6. Provide non-shaming discrimination and a safe environment.
7. Remain active and directive throughout treatment experience.
8. Encourage creative problem solving.
9. Focus your counseling on changing the way they see themselves.

# Therapist Roles (cont.)

3. Interpret the gamblers defenses with them.
4. Encourage/enhance the process of their connecting with others.
5. Utilize small steps to help them overcome tendency to procrastinate.
6. Utilize your referral sources.
7. Consult with lawyers, credit counselors, mediators, mental health facilities, substance abuse facilities, judges/judicial system, casinos (human relations), suicide hotlines, schools and other professionals.
8. Know your limitations.

# Alert to Life Events

- Death of spouse
- Divorce
- Marital separation
- Jail term
- Death of a close family member

# Alert to Life Events (cont.)

- Personal injury or illness
- Marriage
- Fired from work
- Marital reconciliation
- Retirement

# Warning Signs at Home

- There are overdue or unpaid household bills, or the suspected gambler suddenly wants to take over paying the bills.
- The gambler's loved one reports finding numerous and unaccounted-for cash advances from credit cards, or an increase in the number of active credit cards.
- The suspected gambler is only able to afford minimum payments on credit card bills. He/she is always short of money, despite adequate income.
- The individual is secretive about money.
- There are unexplained loans, the use of payday loans, or loans from friends or relatives.



# Warning Signs at Home (cont.)

- The gambler's loved one finds high cell phone/pager bills.
- The gambler has large amounts of unexplained cash, especially if household bills are going unpaid.
- The suspected gambler's spouse reports the disappearance of cash (stealing from a child's money jar or a spouse's wallet, for example).
- The gambler is involved in extremely high-risk investing or frequent trading.
- Money is pulled from savings, investment, or retirement accounts for no apparent reason.



# Warning Signs at Home (cont.)

- The bank reports frequent bouncing of checks or postdating of checks.
- Bill collectors are calling, or property is being reprocessed.
- The suspected gambler is denied credit.
- Needed household items are being sold or pawned for cash.



# Warning Signs at Work



- The suspected gambler is missing work, coming in late, or leaving early.
- He/she is taking long lunches and breaks.
- The suspected gambler fails to finish projects properly or on time.
- He/she is organizing or taking an excessive interest in office pools.
- The individual is borrowing money from co-workers.
- The office manager notes heavy telephone use not related to work. The gambler is using sick days when not sick.
- He/she is overheard making or taking gambling calls while at work.
- The company notes use of the computer at work to gamble.
- The gambler frequently asks for advances in pay.
- He/she is caught stealing or embezzling at work.
- He/she begins taking cash advances with the company credit card.

# Warning Signs of Investment Gambling Problem

*It has become easier to gamble with stocks, bonds, commodities, and other securities*

1. High volume trading in which “action” has become more compelling than objective of the trade.
2. Preoccupation with one’s investments.
5. Needing to increase the amount of money in the market or the “leverage” of one’s investments.



# Investment Gambling (cont.)



4. Repeated unsuccessful efforts to stop or to control one's market activity.
4. Restlessness or irritability when attempting to cut down or stop market activity or when cash is accruing in one's account.
5. Involvement in market activity to escape problems, relieve depression or distract oneself from painful emotions.

# Investment Gambling (cont.)

3. After taking losses in the market, continuing to take positions or increasing one's position as a way of getting even.
4. Lying to family members/friends to conceal the extent of involvement in the market.
5. Committing illegal acts, such as forgery, fraud, theft, or embezzlement to finance market activity.
6. Jeopardizing significant relationships, job or educational or career opportunities because of excessive involvement in market.
7. Relying on others to provide money (bailout) to relieve a desperate financial situation caused by gambling in markets.

# Monitoring by a Loved One

## Investments, Tax Returns

- Advise the gambler's spouse or other loved one to review bank and brokerage statements for assets or more funds that the gambler has revealed.
- The loved one also should review recent tax returns. They may reveal income that the gambler may not have revealed.
- The returns may show undisclosed tax refunds or refunds for an amount that was different than what the non-gambler was told.



# Monitoring by a Loved One

## Internet Gambling, Credit Reports

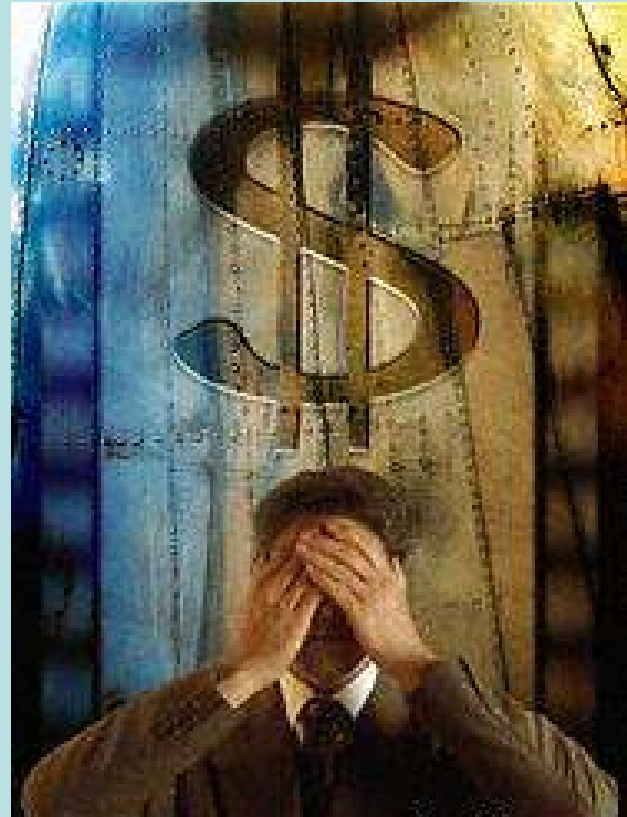


- Is there a computer in the house that's hooked up to the Internet? Web browsers, the software that allows the user to navigate the Web, contain a record of what Web sites were recently visited. A check of Web browsers might reveal on-line gambling.
- Credit reports can be obtained from one of three credit bureaus:
  - **Equifax (800) 685-1111**
  - **Experian (888) 397-3742**
  - **Trans Union (800) 645-1933**

# Monitoring by a Loved One

## Creating a Realistic Spending Plan

- Write out a plan
- List monthly sources of income
  - List extra sources of income
- List basic monthly household expenses



# Possible Immediate Financial Actions (cont.)

## *Working With the Loved One*

3. Provide an overview of the strategies problem gamblers might take.
4. Explain the possible financial consequences of continuing to gamble.
5. Ask the gambler to list his/her creditors and how much they are owed.
6. Have the non-gambler hide, cut up or cancel credit cards.
7. Have the non-gambler change the personal identification numbers.
8. Store valuables in a safe-deposit box.
9. Recommend that someone other than the gambler take over paying household bills.

# How to Work Financially with the Problem Gambler

*At a minimum, there are financial issues you should be familiar with in order to help the gambler recover.*

*These actions include:*

- *Identifying income and assets the gambler can use to feed his/her habit*
- *Establishing a spending plan*
- *Shifting control of the finances to the non-gambler*
- *Setting up a repayment plan for gambling and non-gambling debts*
- *Avoiding bankruptcy*
- *Deciding whether to have an investment program*

# Possible Immediate Financial Actions

- The loved ones may have been “bailing out” the gambler on occasion by loaning him/her money to satisfy gambling debts.
- Refusing bailouts not only slows or stops the financial bleeding, but may force the problem gambler to finally confront his/her addiction.

# Identifying Assets and Sources of Income

## Obvious Sources of Income

- Paychecks
- Social Security
- Pension Benefits
- Unemployment Income
  - Trust Income
- Cash Advances from Credit Cards
  - Tips
  - Bonuses
  - Commissions

# Identifying Assets and Sources of Income

Items missing from the house

- Furniture
- Appliances
- Other valuables that could have been sold for cash
  - A check from an insurance company to pay for property damage (such as roof or car)
  - Ignoring financial obligations, such as quarterly estimated tax payments
  - Is there a chance the gambler may try to sell personal assets through an on-line auction?

# Identifying Assets and Sources of Income

## Financial Assets

- Bank accounts
- Certificates of deposit
- Mutual fund accounts
- Individual stock/bond securities
  - Retirement accounts
- Individual retirement accounts (IRA's)
  - Home equity
- Interests in small business

# Identifying Assets and Sources of Income

- **Real estate**
- **Cash value in life insurance policies**
- **Trust funds**
- **Items to be sold/pawned**
- **Have the gambler or loved one document all personal assets such as cars, a boat, jewelry, antiques, artwork, furnishings, a stamp collection and appliances**



# The Gambler's Stash



- A “stash” is any source for cash that the problem gambler does not disclose to a spouse, partner, treatment professional, financial advisor, or others attempting to help the gambler’s recovery. It might be cash stuffed in an unknown safe deposit box, an unreported credit card, pawned jewelry, unreported pay from work, a secret bank account, or individuals such as a loan shark. Income from a business the gambler owns, especially a business that deals a lot in cash can be easy to hide.

# The Gambler's Stash

- To uncover these stashes, begin by asking the problem gambler to tell you about them. Be firm and blunt. “Jog” the gambler’s memory by suggesting places he/she may have hidden money—just in case the gambler “can’t remember.” Emphasize that lack of cooperation and honesty will only make the financial and psychological recovery efforts more difficult. A loved one familiar with the gambler’s finances also may be able to help the gambler remember.



# Identify Income and Expenses

## *Budget Exercise*

- Identify your family income (all sources)
- Identify all family expenses
- Compare expenses and income



# Spending Plan-Step 1

## Identify Income Sources

- Wages after taxes (Gambler)
- Tips/Commissions (Average each month)
- Pension/Retirement plan benefits
- Unemployment benefits
- Food stamps
- Trust fund
- Wages after taxes (Others)
- Investment income (dividends, interest, etc.)
- Social security
- Welfare payments
- Child support/alimony payments
- Other

# Spending Plan-Step 2

## List Expenses

Rent/mortgage payment, groceries (average), utilities (average), telephone, home maintenance/repair (average), savings, clothing (average), car payment, car insurance/gas/repairs (average), other transportation, life/medical insurance premiums (average), homeowners/renters insurance, medical bills (average), child care, gambler's allowance, loans/credit card payments, taxes, entertainment (average), cable TV, meals out (average), sports activities/events (average), charitable contributions, gifts (average), cigarettes/alcohol (average), long distance telephone (average), travel/vacations (average), gambling debts (this guide will explain later why this should be a low priority), other

Total Expenses \$ \_\_\_\_\_

# Determine the Amount of Debt and List Creditors

- Car loans
- Credit Cards
- Home equity loans or second mortgages
- Furniture loans
- Department stores
- Payday loans
- Bank loans
- Medical bills
- Utility bills
- Back taxes
- Child support
- Education loans

# Spending Plan-Step 3

## Compare Income/Expenses

- Total Income from Step 1    \$ \_\_\_\_\_
- Total Income from Step 2    \$ \_\_\_\_\_
- Subtract expenses from Income    \$ \_\_\_\_\_

# Spending Plan-Step 4

## Make Adjustments

If there is not enough income to cover expenses, you have three choices:

- Earn additional income, such as through a second job or a better paying job
- Reduce expenses
- Reduce expenses and boost income

Income and expenses change over time. Review the spending plan every few months and make adjustments if necessary

# Tips On Cutting Expenses

- Sticking to a shopping list
- Shopping for bargains and sales
- Comparing prices
- Using coupons
- Eating out less often



# Additional Budgeting Tips

- Recommend breaking larger periodic bills (i.e. auto insurance) into smaller monthly bills
- Have a non-gambling significant other put that amount each month into savings account or cash in envelope
- If an envelope is used, it should be hidden from the gambler
- Advise gambler to use small notebook for tracking miscellaneous cash expenses (coffee, movie, etc.). Incorporate into spending plan
- Have gambler mark on calendar when bills are due. Bills paid on time improve individual's credit rating and eliminate the expense of late payment charges



# Budgeting Monies For Gambling Treatment

The treatment of a gambling addiction can be difficult, time-consuming, and costly. Most medical insurance policies and managed care providers don't pay for the treatment. Some health plan carriers pay for treatment only if the patient suffers from additional disorders such as alcoholism, drug addiction, or depression. Consequently, the gambler may need to pay for treatment out of his or her pocket and this must be factored into the budget.

Gambling clients may ask you to reduce fees because of financial problems. Experts commonly recommend that therapists not reduce fees as this is seen as another form of bailout.

# Limiting Gambler's Access To Money



- Have a spouse, partner, parents, a trusted friend or relative, or a third party serve as a “roadblock” to the gambler’s money
- Can be as simple as putting the problem gambler on an allowance or as extensive as transferring legal control of all assets into the sole name of the trusted individual
- Before taking drastic financial steps, encourage the family to seek professional financial, tax, and/or legal advise

# Establish Controls For Paying Household Bills

- Non-gambler assume management of daily household finances (includes payment of all bills). Gambler may assist, but only under supervision
- Pay as many bills possible automatically through bank or credit union
- Paychecks, social security, pension payments, etc. should be automatically deposited whenever possible
- For checks that cannot be deposited automatically, the gambler should be encouraged to hand over the checks to a non-gambler to deposit into the appropriate accounts

# Legal Transfer Of Assets

**Encourage the gambler to talk over the following strategies with a lawyer or financial planner before taking action.**

- **Close all joint checking, savings, and investment accounts and reopen them in sole name of the non-gambler (include accounts that currently require dual signatures)**
- **All paychecks, pension payments, and other income automatically deposited in accounts whenever possible**
- **Transfers of ownership are treated as gifts under tax law and may be subject to tax**
- **Ownership of gambler's retirement accounts and IRA's cannot be transferred to another person**

# The Use Of Trusts

Trusts are legal entities for controlling property. A spouse, partner, trusted friend, or relative might serve as trustee. A third party trustee could also be used (i.e. bank trust department, attorney, or financial planner).

- The trustee would manage assets for benefit of the trust's beneficiary

# Large Sums Of Money

**A gambler can “win big” by wiping out his/her retirement nest egg or a college education fund.**

- “Winning” large amounts of money is often very bad for a problem gambler
- Money is seen as a quick way to pay off gambling debts or feed additional gambling
- Gambler can “win big” by wiping out retirement or college fund, siphoning off cash value accounts of life insurance policies, raiding business accounts, taking out a home equity loan, or squandering inheritance

# Retirement Accounts

- Gambler who raids retirement accounts for gambling funds subjects those withdrawals to income and penalty taxes
- The money taken out can no longer grow tax deferred
- Gambler may have to face the possibility that he/she can never afford to retire



# Mortgage Refinancing Or Home Equity Loans

- If gambler fails to repay the loan, he/she could lose the family's home
- One way to reduce the risk is for the gambler to transfer ownership of the home so he/she doesn't have access to loan monies

# Traditional Pension Plan

- When leaving job or retiring, workers with traditional company paid pension plan may have the choice of taking the money in a single lump sum, in annuitized monthly payments, or rolling it over into another pension plan or IRA
- For households with problem gambler, monthly annuity payments are usually the better option if the individual is retiring
- Only one monthly payment at a time is put at risk, not the entire lump sum

# Inheritance

**Several options are available and the gambler should consult a lawyer.**

- Inheritance should be put into a trust and managed by a trustee
- Another beneficiary instead of the gambler
- Gambler could “disclaim” an inheritance and then the money would go to another heir, such as the gambler’s children



# Investment Accounts (Non-retirement)

- If gambler's name appears on an account or as a joint owner of the account

# Gambling Winnings

- The problem gambler should no longer be “in action,” so there should be no large gambling winnings

# Lottery Winnings

- Lottery winners can “sell” their annuity payments for a discounted lump sum. Gamblers should avoid this, unless the proceeds are to be placed in a trust. A trustee can then control the use of the funds for the needs of the gambler or the gambler’s family.

# Civil Settlements

- Lawsuit judgments for such things as injuries or death in a car accident, workman's compensation, or product claims may be paid out in a lump sum or in periodic payments known as a structured settlement. Structured settlements are generally preferred for problem gamblers, unless a trust will be used



# Repaying Gambling Debts

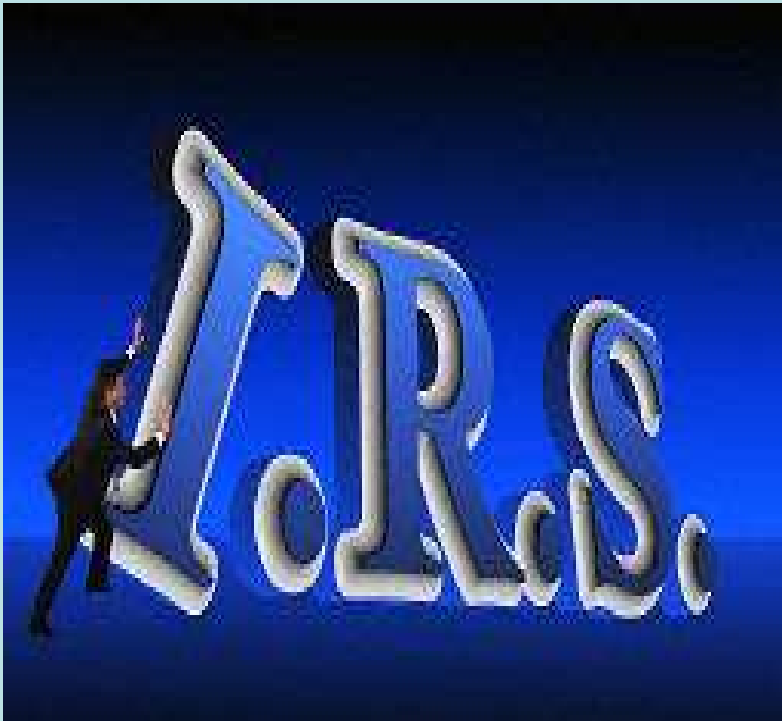
- Debts may be a major cause of friction and worry in household
- Relieving the debt burden can reduce the problem gambler's anxiety and guilt, and help in recovery
- Debt repayment must be done in a way that is different from how a non-gambling household would normally reduce debt



# Establish A Debt Repayment Plan

- Avoid quick repayment of debts, especially gambling debts. Although this means higher total interest payments, it reminds the gambler of the nightmare that his/her addiction has created
- Avoid loan consolidations or refinancing a home. This may embolden the gambler to return to betting and pile new debt on old
- Some debts may require a higher priority than others. Some creditors may not accept reduced payments. Creditors with secured loans may threaten to repossess the property

# Tax Issues



- Problem gamblers often owe back income taxes, resulting in additional penalties and interest charges
- Gamblers often underreport their income
- Although the gambler ideally should have stopped gambling at this point, taxes may be owed on previous winnings. Unless gambler has carefully documented losses, he/she won't be able to write off losses against any wins
- Money pulled out of tax-deferred retirement accounts to pay gambling debts is subject to regular income taxes. Younger than 59 ½ years will probably have to pay 10% penalty

**“Gamblers often underreport their income. If the IRS catches them, it will assess back taxes, penalties, and interest.”**

# Declaring Bankruptcy Is A Last Resort

- Chapter 13
- Chapter 7

# If I Can't Balance My Checkbook, How Can I Help You Balance Yours?

## **Pressure Relief**

- **Financial Bailouts**
- **Family and Professionals**
- **Timing**
- **GA Budget Worksheet**

# If I Can't Balance My Checkbook, How Can I Help You Balance Yours?

## Important Questions

- **Do you have any legal charges pending or fear of possible charges, i.e. insufficient fund checks, kited checks, advanced checks, theft, embezzlement, drug charges, forgery, credit card theft, insurance fraud, DWI, back child support, assault?**

# If I Can't Balance My Checkbook, How Can I Help You Balance Yours?

## Important Questions

- **Outstanding Debt (Cont.)**
  - **Mortgages, 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>...**
  - **Life Insurance**
  - **Credit Card Debt**
  - **Utilities**
  - **Car Payments**
  - **Child Support**
  - **Business Loan**

# If I Can't Balance My Checkbook, How Can I Help You Balance Yours?

## Important Questions

- **Outstanding Debt (Cont.)**
  - Friends and Family
  - Bookies
  - Check Advance
  - Gambling Establishments
  - Collection Agencies
  - Courts
  - Fines
  - Restitution

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## **Budget Worksheet**

**A Review of the Gamblers Anonymous Budget Plan**

# If I Can't Balance My Checkbook, How Can I Help You Balance Yours?

## **The 5 R's**

- **Remorse**
- **Repentance**
- **Restitution**
- **Rehabilitation**
- **Recovery**