

GETTING OUT OF YOUR OWN WAY

Understanding and Overcoming Common Psychological Barriers to Sound Financial Management



Maine Jump\$tart Coalition

2014 National Jump\$tart Coalition

State Coalition of the Year

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FINANCIAL PSYCHOLOGY?

- Your relationship with money
 - Money messages
 - Primary motivators
 - Locus of control
- The stories we tell ourselves
 - What value we have
 - What we can & can't do

THEY'RE JUST STORIES!



UNDER-SAVING

- Why it's a problem
 - More than 1/3 of Americans have NOTHING saved for retirement
 - 7% of Americans plan to work until they die
- Why don't we care more?
 - Psychological distance



PSYCHOLOGICAL DISTANCE

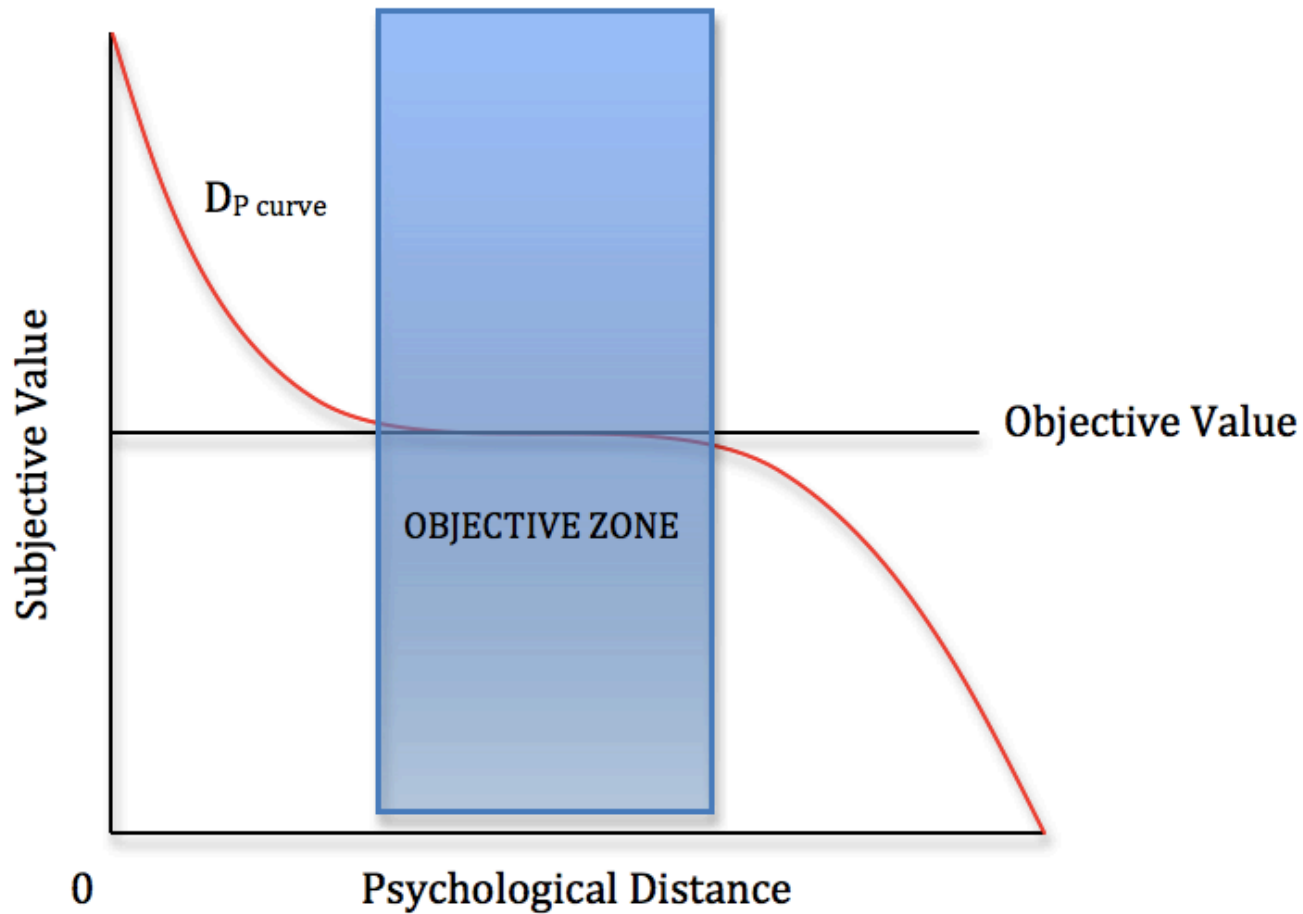
Next Year



TODAY



PSYCHOLOGICAL DISTANCE



PSYCHOLOGICAL DISTANCE

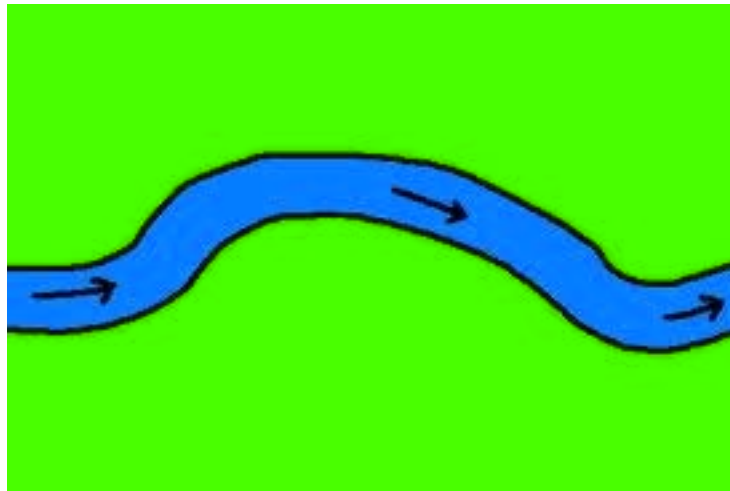
- How to ‘hack’ your brain to SHRINK the psychological distance between today and retirement?
 - Force **DETAIL** into your picture of the future.

Age Progression in Photoshop



THE LANGUAGE WE USE

- INCOME & EXPENSES
 - FLOW words



We think about the movement of money in and out of our lives



THE LANGUAGE WE USE

- ASSETS & LIABILITIES
 - STOCK words



We think about the size of the stock we have acquired or the depth of the pit we need to fill.

THE LANGUAGE WE USE

- RESOURCES & NEEDS
 - SOURCE words



We think about the sources of value and want in our lives, and how we are managing them.

SUMMARY

- The way we **THINK ABOUT** money affects the way we **INTERACT WITH** money.
 - Take stock of the **money messages** you believe – what stories are you telling yourself?
 - Add detail into the **picture** you have of your future.
 - Pay attention to the **language** you use – learn to speak in stock and source words, and you will find yourself thinking differently.

