GETTING OUT OF YOUR OWN WAY

Understanding and Overcoming Common Psychological Barriers to Sound Financial Management

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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

> Today

> Next Year
PSYCHOLOGICAL DISTANCE

Next Year

TODAY
PSYCHOLOGICAL DISTANCE

Subjective Value

$D_P$ curve

OBJECTIVE ZONE

Objective Value

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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.
We think about the movement of money in and out of our lives
We think about the size of the stock we have acquired or the depth of the pit we need to fill.
We think about the sources of value and want in our lives, and how we are managing them.
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.