

Behavioral Money Hurdles

Start

What is Behavioral Economics?

The study of psychology as it relates to the economic decision-making processes of individuals and institutions.

Why do people sometimes make irrational decisions, and why does their behavior not follow the predictions of economic models?

What is Behavioral Finance?

Behavioral finance is the application of behavioral economics into the world of finance.

People often make financial decisions based on emotions and cognitive biases.

What is a Behavioral Bias?

Heuristics - Rules of Thumb

They include cognitive information processing shortcuts or heuristics, memory errors, emotional and/or motivational factors, and social influences such as family upbringing or societal culture.



Future Focus Priming

Exposure to a stimulus (a word, for instance) that influences your response to a second stimulus.

Future Self

Bonnect with your future self. What would an older version of you say or think about this decision?

Hyperbolic Discounting



Definition:

Inclination to choose immediate rewards over rewards that come later in the future, even when these immediate rewards are smaller.

Impact?

Incentivizes impulsivity and immediate gratification

Long-Term Thinking

Since trends change overnight, commit to making longer term positive decisions to survive life challenges.

Positive Herds

Use herd mentality to your advantage by supporting positive philanthropic causes

Herd Mentality



Definition:

A herd instinct is a behavior wherein people join groups and follow the actions of others.

Impact?

Being overly influenced by others vs trusting your own instinct.

Loss Aversion



Definition:

Daniel Kahneman describes it as “The response to losses is stronger than the response to corresponding gains”

Impact?

It may play a role on investing in your retirement accounts as losses loom larger than gains

Work with a Pro

Work with a financial professional and discuss a stop-loss rule for your investments that makes you comfortable.

Keep Perspectives

Keep your biases out of your investments
Put things into perspectives

Real Life Loss Aversion Examples:

If a friend gave us a \$300 bottle of wine, we may gain a small amount of happiness. But if it was our \$300 bottle of wine and it got dropped, we would be very unhappy.

Sellers who overpaid for their homes tend to set a higher list price to offset potential losses, diminishing their chances of selling at all.

Inability to adapt to a changing environment - Blockbuster, Kodak

1 in 11 Americans pays an average of \$100 per month for self-storage for unused sentimental items

eMoney 401(k) and HSA



eMoney 401(k)

- Potentially increase your 401(k) contribution
- To navigate to the Personalized Planning & Advice page on NetBenefits: Under the 401k tile click on Quick Links > Personalized Planning & Advice, from there you can view your personalized proposal, view the cost estimate, etc.
- Review your investment options - need help contact Fidelity at --- 866.402.7621
- Looking for investment education or just want to talk ? **Come talk to us at FPG Office Hours**
- Have specific questions about your specific situation? **Contact PX@emoneyadvisor.com**

eMoney HSA

To navigate to the investment feature in NetBenefits follow this path: Under the Health Savings Account tile click on Quick Links > Investing and you'll be directed to the Overview page, you can also navigate to the Education page from here. If participants have questions they can call Fidelity at 866-402-7621

Headspace Resources Available

App:
Explore > scroll down to Mindful Money to see all courses, guidance and meditations

HeadSpace Youtube content:
How to Manage your Money: Spend Money Mindfully to Budget and Save:
• https://www.youtube.com/watch?v=_1fw8co09Uo

Budget 101: How Can Budgeting Basics Help You?
• https://www.youtube.com/watch?v=kTl_AvHv7Ww

Unlearning Financial Shame: How to Live without Regret and Guilt
• <https://www.youtube.com/watch?v=woio0Fayza4>

Thank You!

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