Life Principles – Your GPS

Presented by:
Daphne Wright, CPA, CFP®
The simplest principles become difficult of practice, when habits, formed in error, have been fixed by time, and the simplest truths hard to receive when prejudice has warped the mind.

~Frances Wright
Daniel Kahneman

- Psychologist who Won Nobel Prize in Economics, 2002
- Challenged Economic Assumptions about Human Rationality
- Revolutionized Understanding of the Cognitive Processes in Decision Making (2-brain system)
- Credited as Father of Behavioral Finance
People are, for the most part, rational “wealth maximizers” who seek to increase their own financial well-being through reasonable decision-making.
If you only have a hammer, you tend to see every problem as a nail.
~Abraham Maslow
Influences on Economic Behavior

- Financial Circumstances
- Priorities
- Values
- Money Attitudes
- Cognitive Functions
- Cultural Influences
- Needs
- Wants
- Habits
- Personal Attitudes
- Goals
- Societal Norms
- Emotions
Fast and Slow Thinking

We have two competing brain systems:

System 1
Quick, impulsive, intuitive decisions processing
Subconscious thought, involuntary, not controllable

System 2
Slow, deliberate, ponderous, analytical
Determines voluntary attention, will power, and logic
Executive functions of choice and reason
Ways We Make Decisions

Every decision is either a conscious or unconscious attempt to satisfy our needs and desires.

- Instincts
- Subconscious beliefs
- Conscious beliefs
- Values

Actions precedes thought

Thought precedes actions
It's not hard to make decisions when you know what your values are.

~Roy E. Disney
A Time For Reflection

Think about intentions ahead of time.

1. Identify values
2. Establish values-based goals
3. Establish priorities
Economic Behavior Assessment

Qualitative Data

Your Priorities & Agenda

Pinpointing Priorities & Personal Values
(What’s important to you)

Your Thoughts, Reasonings, & Beliefs

Assessing, Attitude, Mindset & Emotions
(What you think)

Your Actions & Behaviors

Evaluating Virtues & Vices in Behavior
(What you do)

Quantitative Data

Your Financial Condition

Figuring & Facing Financial Facts
(The state of your finances)
Clarifying Your What’s and Why’s

What’s important to you
- Your Values, Goals & Priorities

What you think
- Your Mindset, Attitudes, Reasoning, Beliefs & Emotions

What you do
- Your Actions, Behaviors, Habits, Tendencies, & Proclivities
What Story is Told in the Numbers?

- There’s more than meets the eye when reviewing your Financial Picture.
- Your numbers illuminate a picture that reflects unique truths about you.
Pulling it All Together

Do your decisions reflect what’s important?

How are attitudes & beliefs influence your actions?

Do your actions reflect values and goals and priorities?

Economic Spending Decisions

What is the state of your finances?
Identify Values Conflicts

- What’s important to you
- What you think, reason & believe
- What you do, act on & implement
- The state of your finances

- Values, goals & priorities
- Attitude, mindset & emotions
- Habits & behaviors
- Resources, wealth & financial health
Get Clear on the Why’s that influence your decisions
...and the Why Knots

Aha! Moments Help Shift Perspectives

Oh, I never considered that!

Wow, that’s a good question!

Umm, let me think about that!
Values at Work – Creating Opposition

To be deliberate, we have to know what we want and have thought through our plan.
The Power of a Values-based Decision Process

- Values clarification gets us to identify true preferences
- Focuses on transforming our thinking, rather than just making changes
- Deliberate planning decisions get stored in our brains memory
- Planned intentions and committed priorities help us override impulsive decisions.
Change Will Be Met with Resistance – But the Effort is Worth It

I hear and I forget.
I see and I remember.
I do and I understand.

~Confucious
Questions?

Daphne Wright
Strides Life Enrichment Concepts, LLC
www.myfinancialstrides.com
(703) 885-8405