Summer Reading for Financial Educators

Today’s presenters:

- Bev Doll, *Grant County*
- J. Michael Collins, *UW Madison*
- Bridget Mouchon, *Green County*
- Kristi Cutts, *Winnebago County*
Four Books to Consider

**Decisive:** How to Make Better Choices in Life and Work

**Protecting Your Parents' Money:** The Essential Guide to Helping Mom and Dad Navigate the Finances of Retirement

**Scarcity:** Why Having Too Little Means So Much

**Switch:** How to Change Things When Change Is Hard
Based on an exhaustive study of the decision-making literature.

- When it comes to making choices it seems our brains are flawed instruments! 😊

**Four villains of decision making**

- Narrow framing
- The Confirmation bias
- Short-term Emotion
- Overconfidence

**Introduction of the WRAP Program**

- **W**iden your Options
- **R**eality Test Your Assumptions
- **A**ttain Distance Before Deciding
- **P**repare to be Wrong

**Offers strategies and practical tools through examples and stories**

**Offers Next Steps:**

http://www.heathbrothers.com/

- 1-page summary WRAP Model
- Podcasts, interview
- Decisive Workbook - Downloadable
- 12 Decision Situations - Downloadable

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299 pages

Hardcover: $15 - $20

Also – Audio CD, paperback, kindle
- Great resource
- Focus on the relationship: “The Talk”
- Issues tend to be basic - documentation, avoid lost accounts, assets or insurance
- Payment management- can get complicated!
- Basic legal terms and documents
- Professionals want to make this seem harder - it does not need to be... step by step...
- When to take Social Security / 401k – nuances
- Long term care; Health Care
- Missing: protection from fraud, ID theft, using technology
Scarcity can apply to:

- Food (being hungry, diets)
- Time (full schedules and deadlines)
- Social ties and love (loneliness)
- Financial resources (poverty)

By Sendhil Mullainathan (Economist) and Eldar Shafir (Educational Psychologist)

Copyright 2013
302 pages
Available in hardcover, kindle or audio
$12-$25
Human Behavior: 
“This is Your Brain on Scarcity”

Attention:
- Positive - “Focus Dividend”
- Negative - Tunneling and neglect

Executive Control:
- Self-control and impulsivity
Bandwidth Tax

- Distractions, loaded brain
- Cognitive capacity *available for use*

“The same person has fewer IQ points (13-14 points lower) when she is preoccupied by scarcity than when she is not.”

p. 52
Slack

- Abundance affords “slack” = absence of trade-offs
- No slack - Errors in judgment are more expensive
“In a great variety of circumstances, poverty seems to correlate with failure.”

p. 161
Understanding People in Poverty

- “Scarcity leads us to tunnel our focus and borrow (now), and pushes us deeper into scarcity (later).”
- Parenting and scarcity
  - Air traffic controllers
Designing Programs to Account for Scarcity

- Fault tolerance
- Incentives and penalties need to fall within tunnel
- Skill / information-based education not effective
Account for Scarcity continued

- Learner-centered, short, behavior based education, keep it simple!
- REDUCE HOOPS & JUGGLING! (when possible)
- Change the environment
- Managing abundance
Last words: Scarcity
• “A practical guide to making changes in a range of domains.”
• Useful for people who don’t have scads of authority or resources.
• Provides a 3 part framework that can guide change in any situation.
• Tons of examples of this change framework shared throughout the book.
• The book has numerous “clinics,” to allow the reader to apply the concepts presented.

Paperback is around $12
258 pages
Published 2010
Direct the Rider*
Find the bright spots
Script the critical moves

Motivate the Elephant*
Find the Feeling
Shrink the change

Shape the Path*
Build habits
Rally the Herd

*The Heath brothers suggest one additional strategy under each of these headers.

“Elephant/Rider” analogy was developed by Jonathan Haidt. Haidt shares this analogy in his book *The Happiness Hypothesis.*
SWITCH Resources

Visit: heathbrothers.com

- SWITCH Framework: 1 Page Reference

- Want to check out the book before you purchase?
  Download Chapter 1: (free)
2014 – 15
Schedule for Lunchtime Learning

Oct 20, 2014: Food Security and Family Finances: Evidence from Wisconsin Schools
Nov 17, 2014: Strategies for Borrowing and Managing Student Loans
Feb 16, 2015: Retirement and Estate Planning Basics
Mar 16, 2015: Financial Caregiving and Fiduciary Roles
Apr 20, 2015: Applications of Financial Coaching
May 18, 2015: Book Reviews / Summer Reading Suggestions