

# Index

- AAIL (American Association of Individual Investors), 157  
*Adventure Capitalist* (Rogers), 57  
Affect heuristic, 75  
Affect labeling, 91  
Affirmations, 182–183  
Agreeableness *vs.* self-interest, 57  
Allport, Gordon, 53  
American Association of Individual Investors (AAIL), 157  
*Analyze This*, 168  
Anchoring, 120–122, 140  
Andreassen, Paul, 128  
Angel capital groups, 157  
Anticipatory *vs.* reactive emotions, 75  
Anxiety-reduction techniques, 159  
Applied psychology, 3  
Ariely, Dan, 155  
Aromatherapy, 159  
Aspirational goals, 41  
Attainable goals, 40–41  
Attitudes, 76
- Baruch, Bernard, 11  
Bear Stearns, 119  
Behavioral finance, 4  
Behavior change, 192–193  
Benartzi, Shlomo, 4  
Berlusconi, Silvio, 182  
Blind spots. *See* Mental traps  
Boesky, Ivan, 87  
Bowman, Bob, 155–156  
Brain boosters, 190–191, 198–199  
Buffett, Warren, 11, 12, 51, 61, 86, 102  
A Bull in a China Shop (Rogers), 57
- Caffeine, 192  
Candy, John, 1–2  
CEO disease, 85
- CFA Society, 157  
Choking, 155–156  
Clark, L. Verdelle, 184  
Cognitive-behavioral therapy (CBT), 162–168  
Cohen, Steve, 11  
Conscientiousness *vs.* impulsiveness, 57–58  
Cook, Mark D., 66  
Crisis plan, 174–176  
Crystal, Billy, 168
- Dalbar, Inc., 11, 20  
Damasio, Antonio, 77–79  
Deep breathing techniques, 158–159  
Defense mechanisms, 92–96  
DeNiro, Robert, 168  
Diet, 160, 190–191  
Diffusion of responsibility, 136  
Ditto, P.H., 94  
Dollar cost averaging, 26–27  
Douglas, Michael, 87  
Down with the ship syndrome, 118–120, 139  
Dreman, David, 11  
Drobney, Steven, 86  
Dubner, Stephen, 128
- Emotional intelligence (EI), 52  
Emotional returns on investment (EROI), 32–38  
Emotional stability *vs.* emotional sensitivity, 55  
Emotions  
    affect labeling, 91  
    defense mechanisms, 92–96  
    fear and anger, 84  
    financial/emotional wounds, 73–74  
    greed, 86–88  
    investing and, 88–89  
    Iowa Gambling Task and, 76–79

- Emotions (*continued*)  
 management of, 200–201  
 positive/negative, 80–81  
 pride, 84–86  
 regret, 82  
 sadness and disgust, 83–84  
 science of, 74–76  
 triggers, 89–91  
 unconscious, 79–80
- Endowment effect, 125–127, 140–141
- Exchange-traded funds (ETFs), 21
- Exercise, 160, 188–189, 190–191, 199
- Exit plans, 58–60
- Extraversion *vs.* introversion, 56
- Fair value, 124–125
- Fair *vs.* all weather investing, 23–27
- Fear and anger, 84
- Financial/emotional wounds, 73–74
- Financial Stress Management Plan (F-SMaP), 168–177
- Financial traumas, 106–108
- Fleming, Ian, 130
- Frames  
 market- *vs.* self-orientation, 20–23  
 money- *vs.* life-focus, 17–20  
 sporadic *vs.* consistent investing, 23–27
- Franken, Al, 182
- Freakonomics* (Dubner and Levitt), 128
- Freud, Sigmund, 65
- Friedman, Milton, 87
- Friesen, Richard, 67
- Gambler's fallacy, 123–124
- Gandhi, Mahatma, 30
- General Motors, 119
- Genetics, 63–65
- Gilovich, Thomas, 122–123
- Goals  
 framework for goal-setting, 201–203  
 money- *vs.* life-focus, 17–20  
 Slide Show, 38–44
- Goldberg, Lewis, 53
- Goldman, Lee, 128
- Greed, 86–88
- Greenspan, Alan, 58
- Gross, Bill, 156–157
- Guinness Book of World Records*, 57
- Hanks, Tom, 1–2
- Herding, 135–137, 142
- Heuristics, 74–75
- Hindsight bias, 137–138, 142–143
- Hirani, Shafiq, 112
- Hirschhorn, Doug, 165
- Hubris, 84–86
- Inner dialogue, 183–184
- Investing  
 applied psychology and, 3  
 decision-making and, 4–5  
 emotions and, 88–89  
 fear and anger and, 84  
 five questions to ask, 45–46  
 genetics and, 63–65  
 greed and, 86–88  
 partners, 196–197  
 positive/negative emotions and, 80–81  
 pride and, 84–86  
 regret and, 82  
 sadness and disgust and, 83–84  
 unconscious emotions and, 79–80  
 values and, 99–103
- Investment Biker* (Rogers), 57
- Iowa Gambling Task, 76–79
- Johnson, Edward, 1, 3
- Kahneman, Daniel, 4
- Keillor, Garrison, 133
- Keynes, John Maynard, 122, 125
- Kiev, Ari, 179
- Kinder, George, 111–112
- King, Martin Luther, Jr., 30
- Kuhnen, Camelia, 64
- Lake Wobegon Effect, 133
- Learning optimism, 193–195
- Leeson, Nick, 12
- Lennick, Doug, 76
- Lerner, Jennifer, 83–84
- Levitt, Steven, 128
- Lifestyle changes, 160
- Lynch, Peter, 11
- Market Technicians Association, 157
- Market- *vs.* self-orientation, 20–23
- Marshmallow Test, 131–132
- Maslow, Abraham, 28–32
- Mean reversion bias, 122–125, 140
- Media hype effect, 127–130, 141
- Medication effects, 189–190
- Meditation, 158–161, 205–207

- Mental traps  
 anchoring, 120–122  
 down with the ship syndrome, 118–120  
 endowment effect, 125–127  
 herding, 135–137  
 hindsight bias, 137–138  
 management of, 198  
 mean reversion bias, 122–125  
 media hype effect, 127–130  
 overconfidence, 133–135  
 short-termism, 130–133  
 win/lose mentality, 115–118  
 worksheet, 138–149
- Mischel, Walter, 131–132
- Mithridates, 169–170
- Mobutu Sese Seko, 182
- Money- *vs.* life-focus, 17–20
- Mono-tasking, 181–182
- Moods, 76
- Motivations  
 emotional returns on investment, 32–38  
 Maslow's hierarchy and, 28–32
- Murphy, Shane, 165
- Nhat Hanh, Thich, 206
- Odbert, H.S., 53
- On track goals, 40
- Openness to new experiences *vs.*  
 traditionalism, 56–57
- Optimism, 193–195
- Outcome *vs.* process orientation, 20–23
- Overconfidence, 133–135, 141–142
- Overreach bias, 122
- Peak performance mind-set, 185–188,  
 195–196
- Performance, 58–60
- Performance coaches, 179
- Personality  
 adapting to, 60–63  
 genetics and, 63–65  
 management of, 198  
 market timing and, 51  
 performance and, 58–60  
 self-discipline and, 65–67  
 traits, 53–58
- Phelps, Michael, 155–156, 159
- PIMCO, 156
- Pinera, Sebastian, 182
- Polesuk, Jon, 20
- Positive/negative emotions, 80–81
- Predictably Irrational* (Ariely), 155
- Pride, 84–86
- Projection bias, 7
- Psychology, 1–3
- Quantity *vs.* quality, 17–20
- Reactive *vs.* anticipatory emotions, 75
- Recreational trading, 161
- Regret, 82
- Resilience, 166–167
- The Return of the Pink Panther (movie), 121
- Risk management plans, 197–198
- Risk tolerance questionnaire, 6–7
- Rogers, Jim, 57
- Roosevelt, Eleanor, 30
- Rothschild, Nathan von, 11
- Sadness and disgust, 83–84
- Save More for Tomorrow Plan (SMaRT  
 Plan), 4
- Seinfeld* (television program), 49
- Seinfeld, Jerry, 49–50, 54
- Self-actualization, 28
- Self-affirmations, 182–183
- Self-discipline, 65–67
- Short-squeeze, 158
- Short-term emotions, 76
- Short-termism, 130–133, 141
- Shull, Denise, 181–182
- Simon, Scott, 156
- Siva-Jothy, Christian, 86
- Sleep habits, 189, 199
- Slide Show, 38–44
- Slumps, 165–166
- SMaRT Plan (Save More for Tomorrow  
 Plan), 4
- Smith Adam, 87
- Social connections, 161
- Soros, George, 52, 79, 171
- Sporadic *vs.* consistent investing, 23–27
- State *vs.* trait dependent, 6
- Status quo bias, 126
- Steward, Potter, 18–19
- Stock Market Wizard* (Cook), 66
- Stop-losses, 120
- Stress  
 choking, 155–156  
 cognitive-behavioral therapy, 162–168  
 Financial Stress Management Plan,  
 168–177  
 management, short-term, 156–162

## 224 Index

- Stress (*continued*)  
  overview, 152–154  
  physical effects, 154–155  
Structured relaxation, 155–156, 159  
Sunk cost fallacy, 119
- Thaler, Richard, 4  
Tharp, Van K., 185  
The Trading Athlete (Hirschhorn and Murphy), 165  
Trait *vs.* state dependent, 6  
Triggers, 89–91  
Tversky, Amos, 4
- Unconscious emotions, 79–80
- Values  
  financial traumas and, 106–108  
  financial *vs.* social, 104–106  
  formation of, 108–110  
  Hirani's questions, 112  
  investing behaviors and, 99–103  
  Kinder's questions, 111–112  
  questionnaire, 103–104
- Victory disease, 85  
Viniar, David, 13  
Visualization, 39, 41–44, 184–185  
*Volunteers* (movie), 1–2
- Wall Street* (movie), 87  
Walsh, Roger, 206  
Whack-a-mole syndrome, 10, 21, 23–25, 124, 135  
Win/lose mentality, 115–118, 139
- Yoga, 161  
Zardari, Asif, 182