

Adam: 00:00:06 All right. Welcome, and thanks for joining us today. I am tickled to have my friend Brian Portnoy on for a good chat which promises to run longer than expected if experience offers any precedent. But, Brian, welcome.

Brian: 00:00:25 I'm happy to be here.

Adam: 00:00:28 You were saying before that it is a little trippy to be looking at Brian. He's in the exact same chair and I think exact same t-shirt that he wears to our Dungeons and Dragons sessions, so I feel like I should be calling him by his D&D name Black Rex but we'll try and keep it professional for today.

Brian: 00:00:55 Yeah. When I put this T shirt on this morning, I'll admit to have not remembered that we were doing this. This is for an art installation in New Mexico called Meow Wolf, which is one of the coolest things I've ever experienced. So shout out.

Adam: 00:01:11 You can't just stop there. Tell me more about that.

Brian: 00:01:14 My wife and I went on vacation, we do a two week road trip just the two of us every summer. This year we didn't for obvious reasons, kids are home. But we were in Santa Fe, New Mexico. There is an art installation where some local artists got some funding. I think it was the author of The Game of Thrones-

Adam: 00:01:39 George R. Martin.

Brian: 00:01:40 Yes. I think he chipped in a lot of money. They bought an old bowling alley and they turned it into a 70 plus room art installations/escape room/ puzzle to solve. We spent three or four hours in there and only began to scratch the surface. There's a whole narrative about a family that some of which are taken by aliens and you need to find out what happened to the kids, and this T-shirt is kind of the main logo for the place, but it's awesome. It's the cool. It's so cool.

Adam: 00:02:26 What's it called again?

Brian: 00:02:27 Meow Wolf. Like cat sound wolf.

Adam: 00:02:33 Wow, okay. Be keen to know what inspired that name.

Brian: 00:02:35 I get no promotional credit for that. But if you're in Santa Fe you should go.

Adam: 00:02:43

Well, you know, you're in the business of promoting how people can derive joy in their lives and I think this is keeping with the spirit of your journey. Speaking of that, Brian, maybe go into a little bit of your background. How did you come to where you are?

Backgrounder

Brian: 00:03:01

Yeah, I always describe it as nonlinear. I'm hoping somebody hears the story and says or observes or concludes that they don't have to figure it out at the beginning because I sure as hell didn't. The way I've been thinking about it lately is that I spent a decade studying capitalism, from an academic point of view, did a dissertation that was basically on the institutional foundations of global capitalism and then spent about a decade and a half participating in capitalism. Mostly in the hedge fund industry, as you know, so saw some interesting things, Portfolio Manager, analyst, strategist, educator, lots of different types of roles, and then got bit by the behavioural finance bug, and that sort of pivoted back to being a teacher like I was 25 years ago. But in a very different sort of classroom. So, this next phase for me is I've launched my own financial wellness platform called *Shaping Wealth*, and the idea is to translate some of what I've written about and studied over the last quarter century into helping people make better decisions about money.

We'll talk about it I'm sure, but the advice business which I find really fascinating, it's changed and is changing in some really interesting and cool ways. And behavioural finance historically has not attached itself well to practical implementation and I think there's now a group of people, I'd put myself in that camp. You've thought about this and friends like Daniel Crosby, and Dan Egan, and others, the world of applied behavioural finance, it's one thing to say how messed up we all are like ha ha, yeah. But it's another to actually give people advice that makes a difference. So applied behavioural finance or behavioural finance 2.0 is the motivating spirit behind *Shaping Wealth* and we finally, finding the personal courage to do something entrepreneurial because I've been a W2 guy for a long time.

Adam: 00:05:35

So, along the way in this journey, you stopped to write this book, *The Geometry of Wealth*. What series of experiences led you to be sufficiently motivated to take on that project? I mean writing a book is a major lift and you do have to be...You've got to be motivated to be the right time in your career, you've got to have the right level of emotional commitment to whatever the topic is. Where were you in your career journey that prompted that and what is the book about?

Brian: 00:06:16

Yeah. It's less for a plug and more for just narrative consistency. There was a first book which was published in 2014 called The Investor's Paradox. **That book was just part of a midlife crisis.** That book was me midway through my career waking up and saying, what the hell am I doing? I started my career at Morningstar doing manager due diligence, manager research and 15 years into that experience I'm like, what even is this field. It, I think blossomed into a bigger effort just to think about how we make decisions generally and specifically on money and it was a labour of love. I've always enjoyed writing and my kids were by definition much younger at the time. I wrote it in 2011, 2012, 2013. It was nights and weekends, fully employed, working long hours and I would write from after dinner till midnight every night or like 4:30- 5:00am till 9am every day. Then the final stretches, had I guess a negotiation with my wife, I got one day a weekend, I got one of the two days to be selected ahead of time. I tried to get in like 10 or 12 hours of work over the last couple three months, that big push. It was exhausting, it was frustrating, but it was joy. **Was just pure joy.** The concept of flow from social psychology and just being there where you look up and it's a few hours into your efforts and you haven't even, that's the way it was.

I also made sure that because I have an office at home, make sure my kids were around because I wanted them to see me pursue my passion. So the second book is the same. I had spent a few years at a firm where I was interacting with financial advisors a lot, I met thousands of advisors and clients along the way, collected lots of stories and realised because, I think for both of us, it's fun and easy to get into the wonky stuff. But as I listened to the conversations that were taking place in the advice world, the clients were all really asking the same thing and it was the opposite of a technical question. **It was, am I going to be okay?** Not what's the Sharpe ratio on my portfolio or what's the appropriate sector rotation right now given the macro cycle? It was, am I going to be okay? Is my wife going to be okay? Is my kids going to be okay? So that was the raw material, the beginning of the raw material for that book and nights and weekends again I banged it out. But I just love it man.

Adam: 00:09:16

So, what were they about? Investors Paradox actually sounds like a book that I might relate to and get into even more than...I read Geometry of Wealth and I enjoyed it and I think every advisor and investor would benefit from reading it. Do you think Investor's Paradox has the same general application or was it just as much a catharsis for you at the midpoint of your career? How do you feel about that?

Investor's Paradox

Brian: **00:09:50**

One thing, and I don't want to come across as braggy but I've gotten a consistent compliment across both books over the last six to seven years, and it's people, non-money people, non-financial people, just normal regular folks, often use the word accessible or relatable. So **my first book was about manager due diligence**, which can be an incredibly dull topic. And not even like, it can be terrible because there's so little good data on it and we did ReSolve Riffs not that long ago talking about this. But I wanted to talk more broadly about how we make decisions in a world where there's so much information and so much choice. We went from 50 ETFs to 5000 ETFs over the course of a few years, and like we have this thing called choice overload or decision fatigue, so I wanted to get into it. **That book is a book about investing strategy and making better investment decisions for you**, for your audience, that's laser focused on building better portfolios, picking better securities, choosing better managers. I think there's a lot in there. I'm a big fan of general mental models, which is why I think people might find my work relatable or accessible.

When it comes to picking the right mutual fund or picking the right hedge fund, first of all, one observation I had earlier in my career is you can't do both, those are different worlds, those are different investments. What I did was actually just create a framework and say, no, they're kind of permitted or constrained to move along different risk dimensions in terms of directionality or liquidity or leverage or numbers of strategies, things like that and create a unified perspective across any type of managed fund, whether you call it mutual fund, hedge fund et cetera.

That book is relevant and the last thing I'll say and why you might enjoy it is I think it puts you in the mind, **I think it gives a pretty decent view into the mindset of the allocator**. Because first I was an analyst at Morningstar, so I wasn't moving money, but I was writing about funds, but then I was like at multibillion dollar shops and moving pretty big chunks of money around to different managers that we thought would be good. This was my synthesized perspective on how I think mature institutional allocators would think through the decisions that they'd be making about those, because they're not just picking a security. A mutual fund might have a ticker but it's not really a security. **It's a relationship of trust**. So how would they engage in that conversation?

The Geometry of Wealth

Adam: 00:13:04

Then The Geometry of Wealth I think is more or directly related to your current venture. Maybe just talk about the core themes from that.

Brian: 00:13:14

Yeah. **Geometry of Wealth is a prequel part** because I'm a Star Wars nerd. But, I got to the end of the Investors Paradox and grappled a bit with like, okay, maybe these are some decent perspectives on choosing good investments, but who cares? There's even in just the money world, there's a lot more going on, saving and spending and how to manage your career and better and worse ways to be charitable. I was also had just grown older and my kids were older and my marriage had developed and my parents are getting older, just life, I'd say just more complicated. So, the idea for that was to answer that question that I heard in one way or another, not rarely explicitly but from individual investors all over the country who I was giving speeches to, **am I going to be okay?** Is this going to work out? Do I have what I need? Why am I not always satisfied when I make more? How come I get to age 65 and I've got plenty in the bank, I still have the urge to ask my advisor or my talk to my partner, or hang out with my friends and say, well, what's next? I'm blessed to be able to have maybe 25, 30 years to go. We're at the point where retirement is about as long as our working lives. It wasn't really supposed to be that way. Thanks to modern medicine it is, and that's good. But, the retirement script is very different. I think I tried to come up with an answer for that. Number one for me as a middle aged guy, and number two as a father of three teenagers now who, I worry about them because the world is big and noisy and dangerous, and I want them to lead amazing lives. And money is just a topic that's unavoidable. I don't think we have great ways of speaking about it. So I did want to form some vocabulary and mental models that can do that.

So, I coined this term **"funded contentment"** which is my definition of true wealth, the ability to underwrite a meaningful life, a deliberately loaded sentence because what do we mean by meaning? What do we mean by underwrite? But, with that as the starting point, as distinct from the accumulation of more trying to be rich or purchase the things that more money buys, what's a kind of comfortable, organic, iterative way to pursue this funded contentment. I set up a really simple model, you define your purpose in life and then in that context, you set your priorities, you think

about risk. You think about what comes first if you have finite resources, and then within that plan that you form, how do you make specific decisions for good habits? And attached just simple geometry to it Circle-Triangle-Square, in the book, setting purpose or defining your purpose is Circular like you...we don't want to think about it.

Adam: 00:16:25

You're constantly revisiting it.

Brian: 00:16:26

Yeah, every now and then it's like, hey, what am I doing? And so it comes around, it's annoying to think about it every day but every now and then it's like where am I? Then moving to priorities, I talked about three, hence the Triangle. First you protect yourself, you manage risk, then you achieve balance both emotionally and financially, and then you strive or reach for more. So, three priorities. Then the Square is just about how to set good expectations for your investment portfolio. And there's four dimensions to that. I like when other people do that in terms of just creating simple things to remember. I love the line that "all models are wrong, but some are useful". I wanted to create a useful model for people to think about true wealth that they can do casually, and without any brain damage.

Adam: 00:17:29

One of the things that struck me, I really liked this equation and I could have...I don't think this is exactly right, but I think it's directionally correct. Happiness equals reality minus expectations or something like that. What is it exactly and what do you mean by that? That resonates a lot, but I'm keen to hear you explain it.

Brian: 00:17:51

Yeah. I think I'm not the only one who says that, and I forget the citation, but there's a very quantitative paper in a neuroscience journal that kind of maps out that equation. Sometimes in my talks, I like to put that on the board. It's like, hey, here's the formula for happiness. Can everyone write this down? It's like, it's this wide. It's nothing but Greek letters. It's funny, not funny. Daniel Kahneman wrote about this a lot. It is one of the more interesting observations in social psychology and behavioural finance, which is that we are sense making creatures. What we do most of the time is make sense of the world, we seek patterns because when the world is noisy, and discombobulated, we feel anxious. We feel scared, that that fear instinct kicks in. So, we're always trying to find patterns, looking a little bit forward. Let me put it differently. We're always trying to find patterns, and we're always trying to think about, okay, I'm going to take my next step literally and figuratively, is the ground there, okay? When I go left foot, right foot, left foot and so forth, is the ground going to be there and every step, that's a subconscious thing, but if you take that trivial example and expand

it, we're always forming expectations as to what comes next in a millisecond, in a minute, in a day, in a year, in a lifetime and so forth.

And what we've seen both in the neuroscience literature, but you and I and others understand it intuitively, is that if the road is there to meet your foot and you take that step and your expectations have been met. You're happy or at least you're not sad, like one of those old cartoons when the wily coyote goes and there's no, he's running in the mountain ends or the ledge ends and he's moving his legs, falls down. You use that as a metaphor for life. **When things are as we hope they are, we're in a pretty good mental spot.** We might not be ecstatic, but we're pretty happy. And you can apply that to goals driven behaviour. It could be we're having friends over tonight, for example. I'm going to be grilling. Am I going to make the burgers well, or not? Are people going to be happy with the meal? Trivial, but still that's going to happen in several hours from now. My son is upstairs doing his college applications. He's got a couple of top choices, is he going to get into one of his top choices? So he's forming expectations. Tracy and I sometimes we have conversations about, well, where do we want to live once we're empty nesters? Do we stay in Chicago or do we move somewhere else?

So it's any scope of trivial to important from near term to long term. We have the expectations and at that moment when things meet or exceed your expectations, you're pretty happy, and when they don't, you're not. We're always on that rhythm. On that treadmill. That's happiness equals reality minus expectations.

Adam: **00:21:18**

It seems to me that the key term here is the expectations term. Because happiness is the result. Reality is, what is, and so the only thing you really have control over, maybe, or not even control over, but that changes, is your expectations. **So, how do people set expectations?** This is a bit of a leading question because I did want to get into some of the literature that makes the case that humans are relative status seekers. Relative status seeking both cross sectionally. Comparing to your neighbour or your peer group, your perceived peer group and also through time. So, am I better or worse than my past self, or where my past self expected to be right now? How do you think about expectations on a relative basis and in the context of the fact that often these are the types of expectations about which you have the least amount of control because it's relative to other agents.

Brian: **00:22:34**

Yeah. Okay, where do we start with this? This is good. I think so much of meaning in life is grounded in this process of setting and managing and updating expectations and what you said a few moments ago is profoundly true. I'm referring specifically to the idea that we have some but not

complete control over those expectations. And to the extent, and then what I'll add on to that is that, to the extent that we can be a little bit more thoughtful or intentional or deliberate about what it is we expect from the trivial to the profound. I think we have a more grounded existence, I think we feel more present.

I think we feel like we're not in a "Calgon take me away" moment where everything is just noise and chaos. The status stuff's really interesting and, again, to amplify your point, we don't have a lot of control over that. You're talking about envy, you're talking about greed. I mean, this this is biblical. This goes back to the very beginning. I think in some ways, as I've been doing this for a few years, self-awareness is probably as good as it gets. Meaning, there's a lot of things that you really can't change, but you can be a little bit more thoughtful about the process and maybe on the margins, you can be intentional. The analogue is maybe what Danny Kahneman said about his knowledge of psychological biases and heuristics, which is like he literally wrote the textbook on it, but that doesn't mean that he has shaken, and he has his biases. JP Morgan, the original John Pierpont Morgan had this great line that "nothing corrupts your financial judgment worse than the sight of your neighbor getting rich".

I think it's important for us to the extent possible to be self-aware of that process. We all feel it, we see others doing better. It's like, why couldn't I do that? Why don't I have that? And there's the other dimension which is you relative to you. I've been trying to dive into this psychology and neuroscience literature on the future self. I think that's probably a little less emotionally disturbing to think that you haven't progressed as a person relative to where you were. I think that's probably less bothersome than the envy piece. When you think about what motivates so many peoples' behavior, whether it be in consumption or just in other walks of life. It's very much driven by what others have and the sense of how you're going to be perceived once you do or don't make those decisions that result in more possessions or whatever the case may be. Long story short, just appreciating that your expectations so dominate not only just the quality of your daily life, but the overall narrative that you define your life by. I think being present and mindful about what that is really pays off and for me, like my better moments, my better days, my better weeks are the ones where I'm going slow enough to think about that a little bit and appreciate it and I'll even allow it to seep into my actions and my plans.

Adam: **00:26:50**

Yeah. I'm constantly telling my wife that the secret to happiness is lower expectations, but she doesn't seem to be buying my prescription. I don't know why that is. Maybe she thinks I'm being manipulative.

Brian: 00:27:03

Well, but let me push back a little bit because we can all...I think that's a dangerous route to go Adam for the reason that we can set our expectations to zero and say anything I have, a meal on the table, a roof over my head, I should be thrilled every day. Maybe there's is a little bit of incremental gratitude practice that we can all engage in to appreciate that and that's totally fine. But we also have an instinct and it's at the genetic level, it's not a preference or a value. I think it's biological. That is the interesting, that is growth, that is wanting more and more. You could put a positive spin or a negative spin on more and I do both in the way that I write and talk about things. But to say, well just expect less, you pretty quickly suck the joy out of life because there is something inherently joyful about growth and about change. So, I think there are boundary conditions for how low you can set expectations, beyond which you just make yourself miserable.

The African Veldt

Adam: 00:28:32

Yeah. Well, that's a complicated topic. I did want to dig into a little bit about the way the human brain is wired based on, and you've got a couple of slides in the deck you shared with me which evoked some concepts that we've spent quite a lot of time on, this idea that, you've got a slide that shows somebody screaming into a microphone. I guess the message is that life is, current life is noisy. And then the next slide is a snapshot of what looks like the ancient African Veldt. My sense is that you're trying to evoke this idea that our brains or at least this is what my mind went, that our brains developed on the African Veldt.

Now we are applying our brains in this noisy, highly complex world where the complexities are now amplified by orders of magnitude by things like Facebook and other types of social media in the social framing that goes into those and how they represent a curated series of experiences in people's lives and that are not reflective of the true experience, and then you're also exposed to in your timeline in your face every day, the lifestyles or at least the curated lifestyles of people that are so far above your own perceived status level and the tricks that that plays. Then pair that with the interface between the human mind and the complex dynamic feedback system that is modern markets and how the human brain is almost uniquely ill-suited to interact with modern markets. That's kind of two different directions. So let's start with how has our mind evolved? How do we go from the African Veldt to modern society and then extend that into bad behaviours in interfacing with markets.

Brian: 00:31:02

Okay. Let me try to tackle that seamlessly and quickly. I guess the first thing to point out is that the state of the world or the state of nature is always ahead of, kind of evolutionary progress. The pace of evolution is so slow, it's almost impossible to understand. So, from everything I've read, the brain that we have between our ears is roughly the same brain that homo sapiens had 100,000 plus years ago, but clearly the game has changed.

We've all heard reference to the lizard brain and just that animalistic response to fight versus flight, responses to danger, fear versus greed, all of this sits with us and I think we all know that if you if you enter a situation that is uncomfortable and potentially dangerous, you become immediately alert. That's not frontline cognitive process. That's sort of some elements of your lizard brain. But the good, let alone the best scholarship can't be done yet on this question of whether our minds are effectively blowing up in light of how much information we're trying to shove into them. I do believe that, and maybe it's even a truism, maybe it's not even interesting but I don't think we've ever had to process more information, or have more choice available to us than at any point before in recorded human history. There are things that psychologists write about, known as choice overload and decision fatigue that are demonstrably real. They're biological, they're physical.

The book that turned me on to behavioural science in 2011, 2012 or so was not Kahneman Tversky Thaler, it was Iyengar's The Art of Choosing. It's just an elegant meditation which is brilliant. So when I say meditation, it's not soft, it's science. But it is an elegant meditation on how important choice is to our humanity, and the control that we seek and crave. The certainty that we want in our environment so that we can at minimum feel safe, because before we thrive we have to survive and that's just part of us. I think it's casual and anecdotal, but I think we are overwhelmed by all of this stuff and social media is such a new experiment, but it seems to be having on the margins, harmful consequences, not necessarily on brain development, but how the brain processes it.

Adam: 00:34:15

Group dynamics, group development and tribalism. It's really hard to disassociate the evolution of social media and the omnipresent access to social media and the current political climate. It does prompt the question, would we be in this clusterfuck of a political climate if people did not have such easy access to echo chambers that just continue to play to the dopaminergic reactions from confirmation bias?

Brian: 00:34:58

I think the answer is no. But it sounds like your answer is no or that's the way you were going. I think that because and hear the work of Jonathan

Hite it's just been really influential to me and he's such a smart guy. So illuminating, I really appreciate him. Probably the best scholar in showing how we have the beliefs that we have, we have the values that we have, and it's a separate question and maybe a mystery as to why we are the way we are. **But we spend most of our lives just validating our preexisting identity** and the ability for a few billion people to all have a super powered media channel, where all of us have our own TV and radio stations 24/7. The ability to find people who reinforce what it is you need, not want but need to believe, in order to feel safe and validated.

I'm not going to talk about constitutionalism and originalism and all that stuff today but one of the reasons I have a challenge with praising the Founding Fathers of America for all the work that they did, which obviously was very high quality is that I think the world that exists now is just unimaginable from just a few decades ago, let alone a few centuries ago, doesn't mean that that challenges some fundamental beliefs about liberty, justice, fairness, other core concepts within democratic theory, but at the same time **what's happening to us subconsciously or consciously involuntarily, it's overwhelming**, man. I think it's an absolute mess and I don't see how the genie goes back in the bottle.

Adam: 00:37:00

I agree. And one of the interesting dimensions that falls out of this and you talk about the decision fatigue. So, how does the human mind deal with decision fatigue? How do how do we instinctively deal with it?

Decision Fatigue

Brian: 00:37:20

Well, I know it's funny. No one's ever asked me that question in that way. I'll go first since I'm the guest but **my sense is that there's different reactions based on who somebody is and what the environment is.** I think in some cases, they just shut down in the sense of they don't want to deal with it anymore. I made reference to this "Calgon take me away", I think for many listeners, they have no idea what I'm talking about. It's a super old commercial about bath suds where someone needs to relax in a bubble bath because their houses is so overwhelming with screaming kids. I think that's one reaction. I think another reaction is more front foot, be aggressive. It's overwhelming that could trigger anger and you have another old movie illusion from Network, "I'm mad as hell and I'm not going to take it anymore". As I think about it, I'm sort of pointing to either a fight or flight response, and it's not a question of what's valid or right. But I think when you threaten us the way that...and there's no you. **When we're so**

overwhelmed with all of this information and choice we're generally less well functioning, and we can react in different ways. What do you think?

Adam: 00:38:59

Again, I go back to the African Veldt. In a situation of ambiguity you imagine you're on the plain and one or two or three people jump out of the bush, they're running at top speed in a certain direction. Like, you don't have the context for the situation but the default option is to run in the same direction. I see if you if you're bombarded with choice, and there is sufficient ambiguity like there is in most decisions, and you typically fall back on a default option. And what is the default option? It's the option that those around you have chosen. Your peer group have chosen, your tribe, those who identify as your tribe have chosen. I just wonder the extent to which we as we continue to in every domain of our lives we can continue to be bombarded with information overload.

Are we just going to continue to migrate more and more toward default options or default options are either in a more Orwellian future driven by algorithms that know us better than we know ourselves? Or in a slightly less dystrophic future driven by just an increase in tribalism where through time, the latter option has dominated. Think about even back 15 or 20 years ago, maybe a little longer. But what do we have? We had maybe your hometown newspaper, you had a dozen, maybe way fewer than that, sort of national sources of news, you had four or five dominant TV news sources. And so you can kind of pick. I read the New York Times or I read the Wall Street Journal or I read whatever. And my opinions and the way I think about the world are largely triangulated from the small number of news sources that I read. Why do I read those news sources? Because they are the news sources that my tribe reads or listens to.

So you get default options that are informed by this, I don't know whether or not the echo chamber of social media has, you'd think that it would cause an increasing fragmentation because anyone can be on a pulpit and expositing their views. But in fact, what's happened is people have become much more, I think the number of tribes has actually decreased over time and now we've got, really it becomes bilateral, you've got either this side or that side and we see that in politics and I wonder if everyone's observed the same phenomenon on a wider variety of different dimensions of human interaction.

Brian: 00:42:03

Yeah. I'd want more data to speculate on the tiers of tribalism because I think it's easy to look at the highest level and just say, well, there's two sides and there's right versus left depending on your perspective, good versus evil. Again, it's a genetic thing. We are tribal, it's just who we are. We don't

like or prefer to be in groups. We have an undeniable need to belong, because that was our original source of safety. **Small T tribalism is actually a very good thing** and something I wrote about in Geometry of Wealth and working on other projects probably the deepest source of meaning in our life is our connection to others. The sense that we belong, that we get safety, we get meaning, we get help in lots of different ways from those around us. This proliferation of...what's the word, media or news.

Now, everybody on Facebook has their own TV station, they can create their own newsfeed and you find others or they find you. It seems like there is a proliferation of different voices who have come to cluster on different issues to likeminded folks. So it's almost like a parliamentary system of government where depending on what the issue is the coalition's will shift. Look, this is what sociologists and others do for a living. I think it's too new, too in the flow for us to really say, but the most important point for me of what we've been talking about for the last few minutes is that **we come to the table with a set of beliefs**. They are what they are. And we look for others who validate them. **And that has never been more readily available**

Adam: 00:44:17

...

Brian: 00:44:18

Yeah, readily available. It's just out there, and that all this fake news stuff is such bullshit. **Fake news is simply the news that doesn't validate your point of view**, doesn't mean that it's wrong but it doesn't help you psychologically. So you want to criticise it. But, anyway.

Adam: 00:44:42

All right. Let me back all the way out of this rabbit hole. So you're launching what is essentially a new venture. It is, would you agree that it is the culmination of your growth as a person and your growth professionally, if you look out a year or two or three and things really worked out above your expectations, what does Shaping Wealth look like?

Shaping Wealth

Brian: 00:45:17

I've actually not given that a ton of thought. I've been mostly heads down over the last few months since I started this kind of creating content or updating content that I think can fit into a learning and coaching and content platform with a bunch of different audiences. I think the positive vision...I'm not a big kind of five year plan kind of guy. But **I think the positive vision is to tap into what appears to be a widespread interest in wellness overall**, of which financial wellness is becoming an increasingly legitimate piece. If you just Google "what is wellness", you'll come up with like 100 different versions of it, and some of them are, here's a four part model or a

12 part model. And there's physical and emotional and spiritual, environmental and a whole bunch of things.

One thing I noticed in its broad absence was financial wellness. When at the same time we know from so many different directions that money is an inescapable issue or topic in every dimension of life across every stage of life. I think because of the success of behavioural finance, now transforming into that applied dimension, more and more organizations and the individuals within them are open to talking about not only just making better decisions on saving and spending and investing but **really coming to terms with how money figures into a meaningful life.**

Success for me, I think, is creating just really good and engaging and even fun content for people to engage with in a variety of different ways. There's a whole execution piece to this, but really good stuff that people can engage with that helps them level set, maybe turns down the noise, this issue of decision fatigue, choice overload. **I'd like to think that what I'm creating might be able to help a lot of people if I can do it in the right way, at scale.** I'll share with you, it's a bit of a sidebar but it's an important story for me. I gave a talk when I was at this investment firm Virtus. I had great experience travelling the country meeting with financial advisors and their clients and I did a lot of client appreciation events. There was one firm on the West Coast, very big financial planning firm. They do an annual client appreciation event with 600 people and they asked me to be the keynote speaker. That's a big room. I was nervous, but it was great. For years I've given this talk called "Diversification Means Always Having to Say You're Sorry".

Adam: 00:48:27

I use that all the time, without credit.

Brian: 00:48:28

Yeah, it's all right. It's my gift to the world. I position it very much as what I call validate and then elevate, point out that **money is hard**. It's really hard for a bunch of reasons, some of which we've already talked about. But then hey, how can we do a little bit better? Not nail a bull's eye every time but how can we do a little bit better? 600 people, average age in the room is probably 65, 68 mostly retirees, gentleman comes up to me afterwards and shakes my hand says, I really enjoyed that. He said, I wish I remember the exact quote, but he basically said to me, he shook my hand and said thanks, he was going to walk away and he turned back to me and he said, "I'm really grateful for the things that you've said. I felt like I was the only one who worried about those things, but maybe I'm not." I'm like, fuck, that's awesome. And I think to myself, I still get goose bumps when I tell the story now. It's like, I connected with this guy. And he walked away, and I was like, sir, thank you so much. Little does he know I'm telling the story a few years

later. But it's like I don't even need to know who totally gets it and jives. It's not like I'm not looking for five star reviews on Amazon or anything. It's can I put some stuff into the world that really makes a difference in people's lives?

Adam: 00:50:13

Yeah, I agree. Presumably, this will also be offered to financial advisors. You're hoping to connect to clients through financial advisors.

Brian: 00:50:28

Yeah. It's sort of fluid thinking, but I've got two categories, two general audiences with two big asterisks, with the content is more or less the same. It's just going to be maybe packaged and delivered a little bit differently. The spirit of all of it is what is funded contentment and how do we achieve it? Boom, easy to say. There's one world and the world that I mostly live, the world that you're connected to, of wealth management and investment management, and in the US alone, there's upwards of more than 300,000 financial advisors and globally a lot more, but it's biggest the most mature in the US I would say. Especially people who have moved beyond the brokerage model, which you still I think disproportionately see a lot of in Asia and Europe.

But leaving that aside, I know that what I'm building right now is a coaching the coaches programme to the extent that the industry has gone through multiple phases in the last 40 to 50 years, which I would call brokerage allocating and investing planning. I think the next stage is coaching. Coaching is not the same as financial therapy. It's just helping people appreciate where money fits into a bigger picture in their life. It's just not about okay, I'm going to allocate, we're going to set up a budget for you and we're going to allocate to these funds and that's good.

To me, it's necessary but not sufficient for advisors to provide that, not sufficient because we're already seeing so many lower cost entrants into the market such as the nature of capitalist industries that can put together great portfolios and a very clean, easy to follow plan or at least easy to understand plan, for basis points, versus hundreds of basis points for the advisor who puts together all of it. To the extent that I really believe that there's a coaching dimension to the advice business that has barely been tapped. I want to bring a lot of that very powerful but super practical insight into the advice business at two levels. One is advisor development and working with firms to help train their advisors, and then there's a second level that I'll just call client engagement. In some cases, it'll be I coach the coaches and then they work with their clients and in other cases go give a keynote address to a group of 600 regular folks. I enjoy them both.

That advisory bucket is one thing and then the second bucket, I'll just call **corporate organisational**. There are, because this notion of financial wellness seems to be legit. It's been more legitimate over the last few years and then in the context of the pandemic, the interest just given the hardship that so many are going through. I think organisations and corporations are only going to ramp up their interest in whether it's financial wellness, financial literacy, financial education, going beyond just your 401k plan, sponsor rep coming and giving you a 20 minute how to fill out a box on the form, something a lot more robust. I've already seen just not even advertising not just being in the world, like a number of groups who were like, we have 100 millennial employees at this tech company, can you talk to them about how to get started? Or we have a bunch of commission based sales people, and they're doing well now but, we're cyclical and you never know, and some of them live paycheck to paycheck because it is commission based as distinct from flat salary. Can you talk about financial planning and financial wellness for those groups? And then just standard within corporate HR structures.

Adam: **00:54:45**

The corporate models actually seems like a really interesting. But I actually hadn't considered it. That model right now is just so broken. **There's so much opportunity**...Everything is default options, with no connection between the savings or what's deducted from paychecks and going into IRAs and 401k's and the ultimate goals that those funds serve. How do people make decisions about what they should own, their asset allocation, how do they stick to it? In Canada, I think it's true in the US, it is extremely common for people to put money into the 401ks, but it doesn't stay there. The second they're able to take it out they do that. They take it out to buy a home or buy a car or go on vacation or what have you, and I can't help but think that so much of that is just a disconnection between the practical objectives, the purpose of those funds and the need for now. **This domination of now and consumption in the now** and so I think any programme that an employee could go through to walk them through the process of what is this money for? Why are we deducting it? Why is it going into these funds? Or how can you do a better job of connecting your purpose with your asset allocation? What is setting expectations? I think would just be of enormous value and scales tremendously.

Setting Expectations

Brian: **00:56:29**

Yeah. Thank you. I'll be hiring a marketing director at some point and consider yourself on the list of candidates. People need help. One thing I've learned time and again in our world is that **regular people need permission**

to talk about money. Because it's such a difficult thing ever. There's countless studies that show that money compared to religion or politics or even mortality is the most uncomfortable of topics. We don't have the vocabulary, we think that we need an MBA or PhD in economics to really understand it. So there's an education process of letting people know that this is actually about your story and this isn't about the numbers. When I said earlier, I gave that big speech, that one two punch I always do with audiences and it works. **Validate and elevate.** Let them know that they are not alone in finding this hard, because it's just not how do I build a good portfolio? It's saving, it's borrowing, it's insuring, it's thinking about the relationship between your human capital at work and the financial capital and beyond just the paycheck, but like that relationship over the decades is very complicated.

There's better and worse ways to give insights to people that don't intimidate and actually allow them to think about it and to even talk about it. **There's no reason that can't take place in the context of a relationship with a financial advisor.** But number one, a lot of people don't have a lot of money and as a result, there aren't many advisors who are going to want to work with them because sad to say, if you have only \$100,000 saved, advisors aren't going to want to work with you. It's not a profitable account.

So there have to be better or just other ways to connect with people, to provide really good content and support to think about these things. I'm ground floor on that element of my business model, but the snippets I've seen from various conversations that have fallen in my lap over the last few months, it's like huh, everybody is different in how their company is set up and the nature of their employees and where they live and what they're all dealing with, the industry that they're in the cyclicity of that but at the same time, there's actually an umbrella set of issues that come back to funded contentment, defining purpose, setting priorities and making decisions where I'm excited to figure this out. Most mornings I jump out of bed to get to my computer to keep building and creating. I haven't felt like this in years.

Adam: 00:59:36

Entrepreneurship like that.

Brian: 00:59:37

What's that?

Adam: 00:59:38

Entrepreneurships is like that. You're building something. It's your passion. It's your baby. You just want to keep getting at it.

Brian: 00:59:44 Yeah. There are days and moments that suck and it's like, I can't believe this. But I've been lucky in so many ways over the last few decades. I think I'm actually in a pretty good position to help some people out in ways that I was never helped and very few people are helped. Why the hell not? We've both seen all the studies about what people think at the end of the road. And it's never about the stocks you picked or the cars you drove, it's about the people you helped. **It's about the regrets you have or don't have.** I'm very much in a regret minimization mindset these days as opposed to a gain maximization, and that too will ebb and flow. But, I'm going to figure it out, I hope.

Adam: 01:00:45 I have no doubt. So, a non sequitur alert. I'm wondering what feat you chose for Black Rex?

Brian: 01:00:55 I Have not made any new...I haven't made a choice.

Adam: 01:01:03 You haven't committed anything yet?

Brian: 01:01:05 No.

Adam: 01:01:07 Wow. I mean, I committed to Sentinel when he first brought it up and so I'm looking forward to moving that forward.

Brian: 01:01:15 But when did he bring this up?

Adam: 01:01:17 I don't know. A couple months ago.

Brian: 01:01:21 That feed, I thought there was something new that you referring to and I'm much-

Adam: 01:01:24 No.

Brian: 01:01:25 Yeah. I'm Assassin. I think I want the Assassin route.

Adam: 01:01:31 All right. I'm not sure. I haven't looked at all of the feeds but, so I didn't realise that Assassin itself was a feat.

Brian: 01:01:41 I remember there is something along those lines which is why I keep trying to...we have too much gold for our own good and I keep trying to buy better daggers and we never seem to be at the right store at the right time. But Dungeon Master has told me that I've got something good showing up next week.

- Adam:** **01:02:01** I have no idea he's generous in that way. But yeah, that's the thing about 5E. I remember playing first edition, second edition and magic items were much more abundant and I think they actually tried to constrain the economy of magic items in 5E to a much greater extent.
- Brian:** **01:02:19** Yeah, it's a much skinnier version. Look, I played in the early 80s when I was a teenage boy and my best friends and I played all the time. All we did was just rage through low level modules to collect as much crap as possible which, fast forward to me being a 51 year old total nerd when I played Diablo and Path of Exile now, all I basically do is hack and slash my way through dungeons so I can just collect more shit I don't need. But we all have money stories.
- Adam:** **01:02:56** You don't advocate that particular journey in your books and in your coaching.
- Brian:** **01:03:05** The nice thing about fantasy role playing is that you can fantasy roleplay.
- Adam:** **01:03:11** Exactly. Okay, listen this has been fantastic. I knew it would be. Thanks again for your time and good luck with your new venture. I know I'm going to see you on Friday.
- Brian:** **01:03:21** Friday night.
- Adam:** **01:03:22** I'm looking forward.
- Brian:** **01:03:23** I appreciate. I've so enjoyed our friendship as it's developed over the last few years and have a lot of respect for what you guys are building. I'm just glad we're in a position to be egging each other on and supporting each other in lots of ways, both in the dungeon and elsewhere.
- Adam:** **01:03:44** Exactly. Me too. Awesome. All right, we'll wrap it up there, and thanks very much. Let's try and do this again sometime.
- Brian:** **01:03:52** I look forward to it. Thanks, buddy.
- Adam:** **01:03:55** All right. Don't hang up because we got-