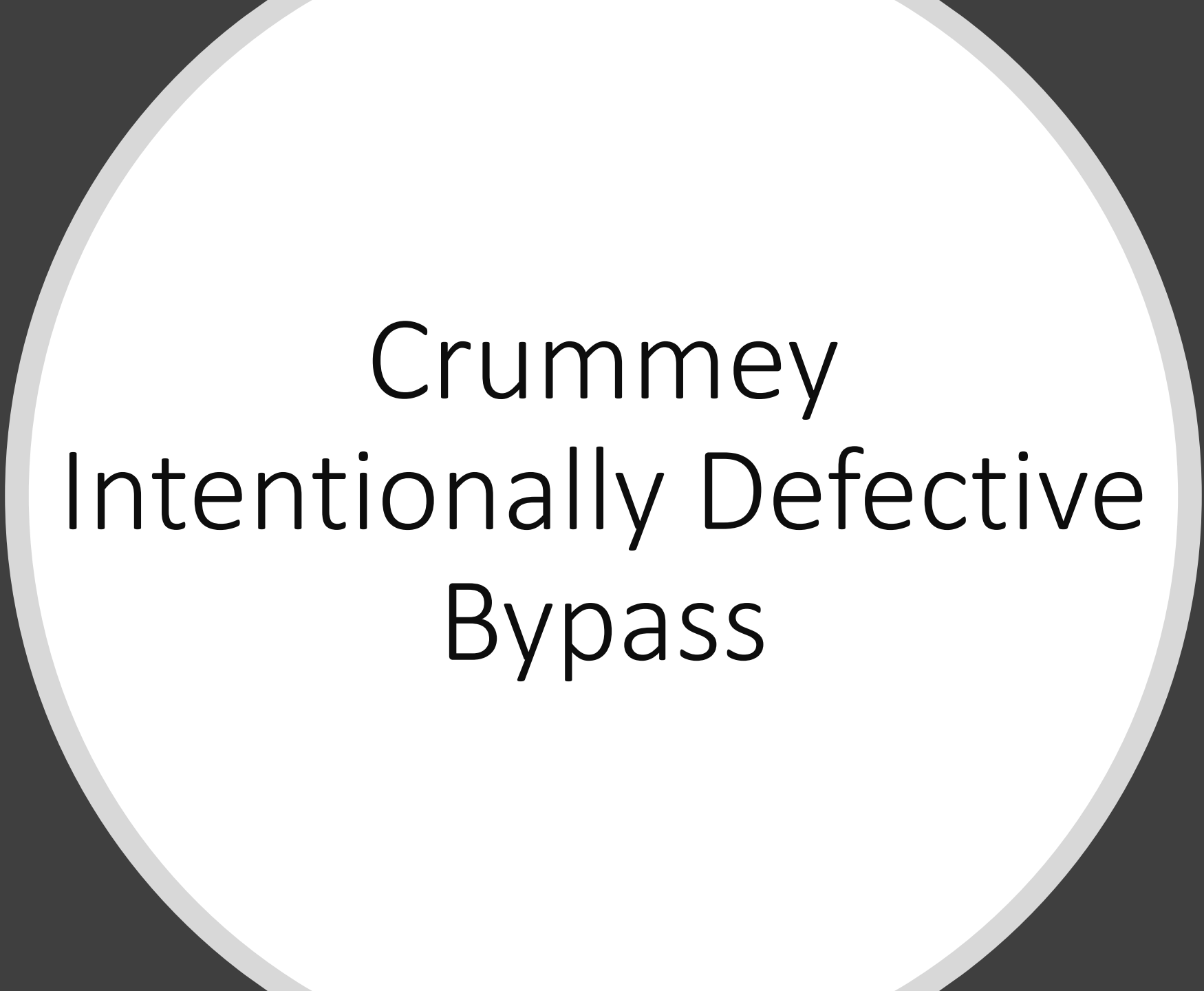


# Disclaimer

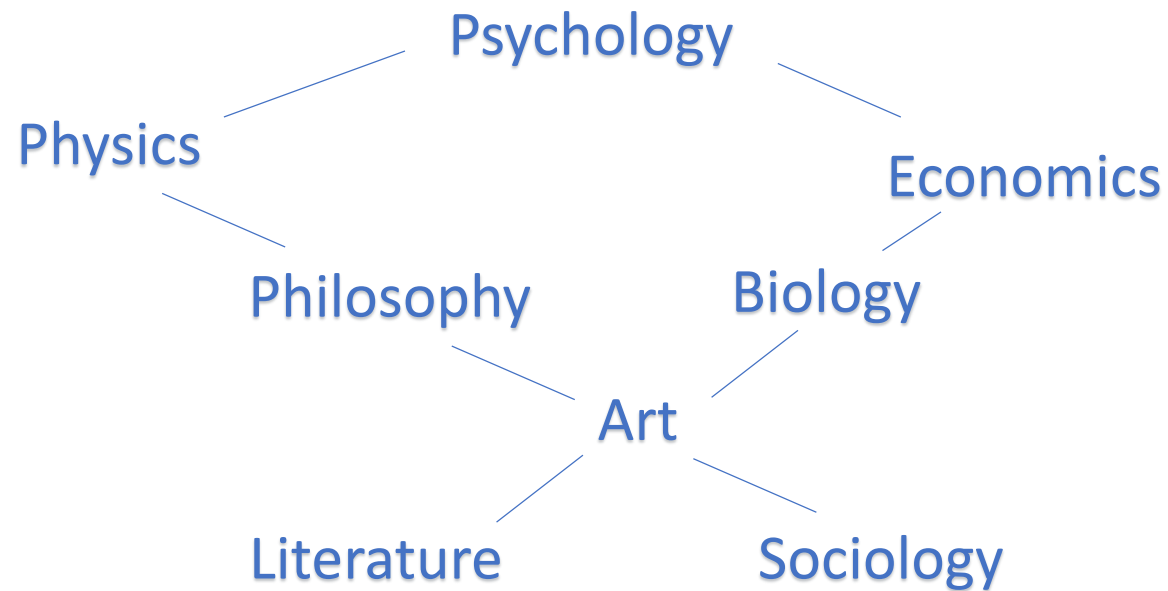
- None of the research mentioned in this presentation is my own original research.
- I am not a lawyer, so nothing said should be construed as legal or professional advice.
- None of the statements reflect the opinion of the University of the Incarnate Word.
- You agree to hold harmless and indemnify the presenter from all failed attempts of humor and bad puns.
- By remaining in your seats you agree to the terms and conditions of this agreement as set forth.
- This agreement has been duly witnessed and attested to by your peers.
- If you are still reading at this point you absolutely chose the right profession!



Crummey  
Intentionally Defective  
Bypass

# Worldly wisdom

- Helps us become better leaders, citizens, parents, spouses and friends
- Latticework of models



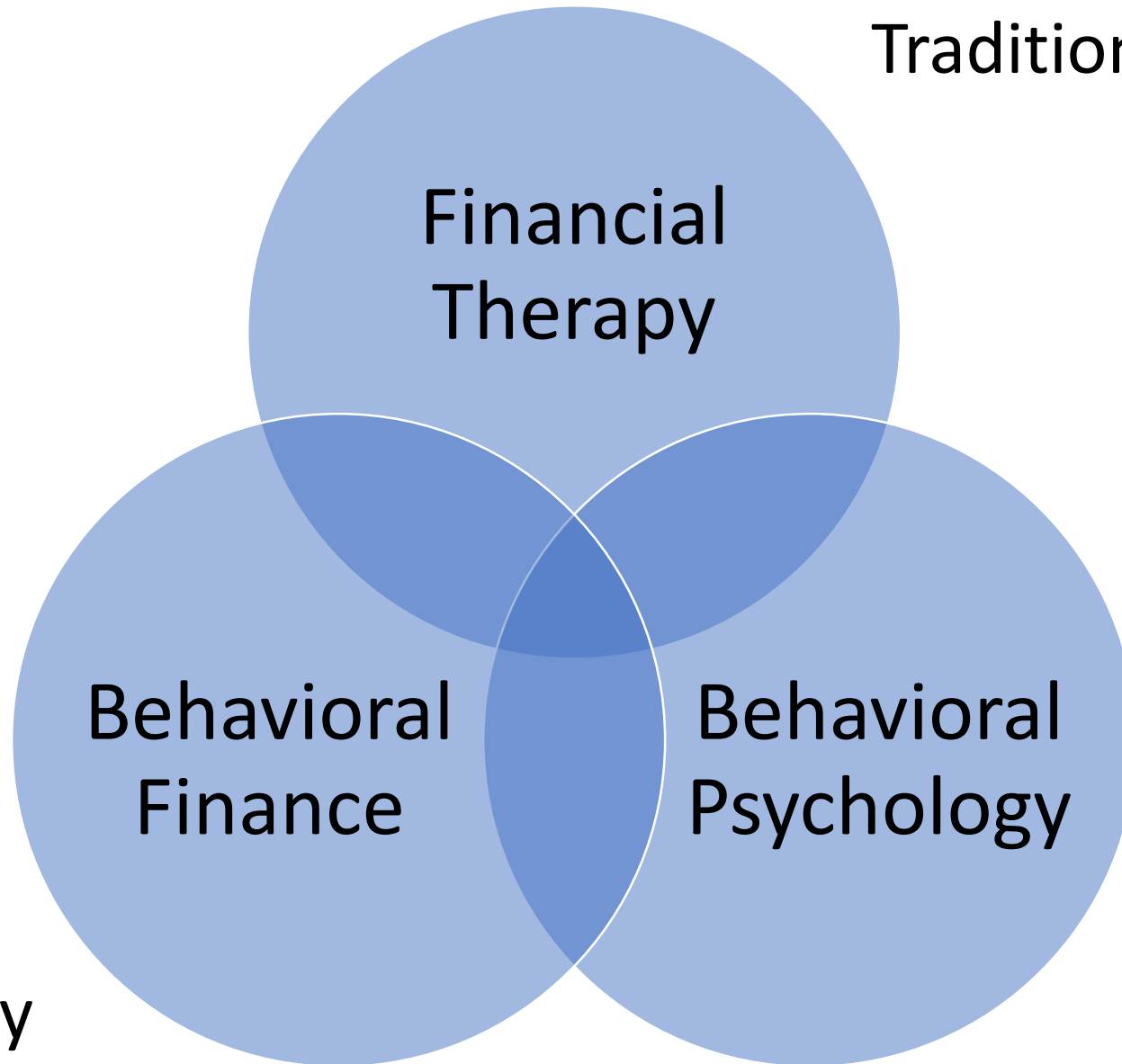


# What happens when you mix Psychology with Economics?

A Psychologist winning the Nobel Prize in Economics.  
A bunch of very salty economists.

Not Alone

Traditional Psychology



Positive Psychology

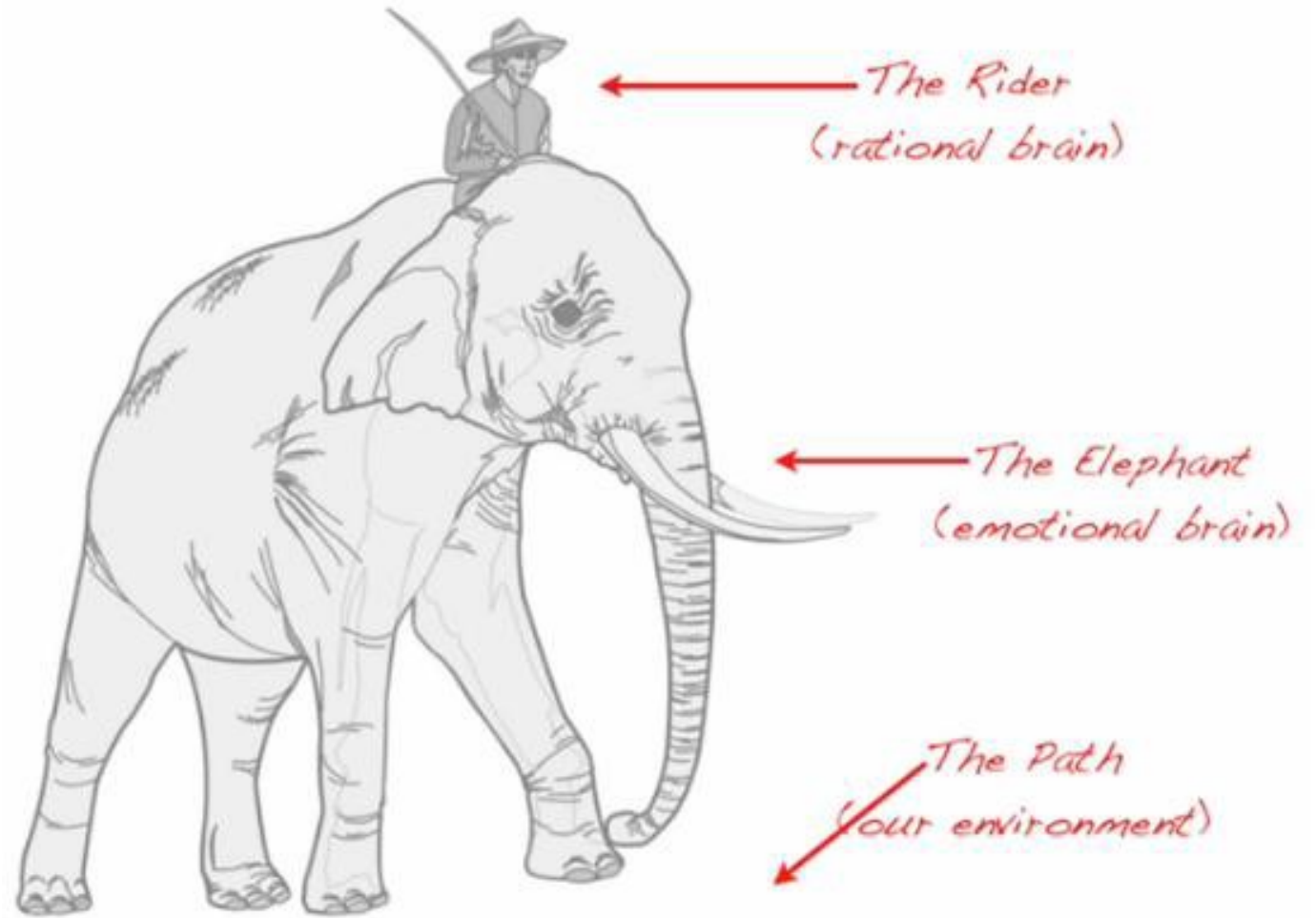
# Test

A bat and ball cost \$1.10 in total. The bat costs \$1.00 more than the ball. How much does the ball cost? \_\_\_\_\_ cents

In a lake there is a patch of lily pads. Every day, the patch doubles in size. If it takes 48 days for the patch to cover the entire lake, how long would it take for the patch to cover half of the lake? \_\_\_\_\_ days

# Hueristics

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# Pink Elephant Exercise

What ever you do try NOT to think about a pink elephant  
for the next 30 seconds.







- Now think of as many words that have PE in them as possible.
- Extra credit if the words are commonly used in Estate Planning.

# Framing



# Which Option would you Prefer?

## **Option 1**

- 80% chance of a \$4,000 loss
- 20% chance of a \$0 loss

## **Option 2**

- 100% chance of a \$3,000 loss

# Loss Aversion

## **Option 1**

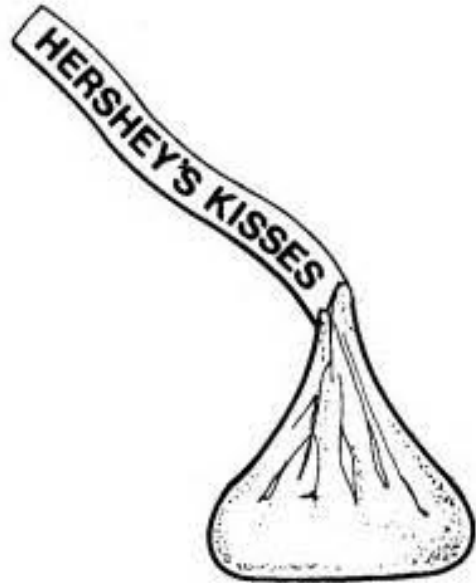
- 80% chance of a \$4,000 gain
- 20% chance of a \$0 gain

## **Option 2**

- 100% chance of a \$3,000 gain

# Irrational Behavior – The Power of Free

**Free**



**14 cents**



Lots more to explore for those interested

- Anchoring bias
- Representative bias
- Status quo
- Default option
- Recency bias
- Path of least resistance
- Aspirational affect
- Positive and negative social proof
- Overconfidence
- Hyperbolic discounting
- Confirmation bias
- Prospect Theory
- Endowment effect
- Reciprocity
- Post-purchase rationalization
- Availability bias

# Making money with Behavioral Economics

- Everyone is rational and acts in their own best economic self interest.





# Auction Rules

- Bids must be in \$5 increments.
- Both the winning bid and the next highest bid must be paid.
- Only the winning bid gets the \$50 bill.



# Summary of Daniel Kahneman's Research



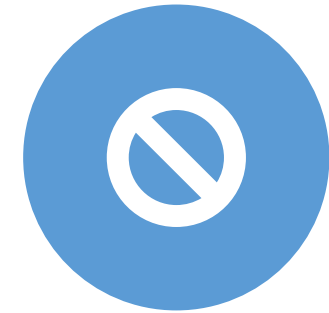
WE HAVE TWO WAYS OF  
THINKING ONE FAST, ONE  
SLOW



THE FAST THINKING LEADS  
TO PREDICTABLE ERRORS



HOW WE FRAME  
QUESTIONS WILL DICTATE  
THE RESPONSE



PEOPLE WILL TRY TO  
AVOID LOSSES WHENEVER  
POSSIBLE

# Save More Tomorrow

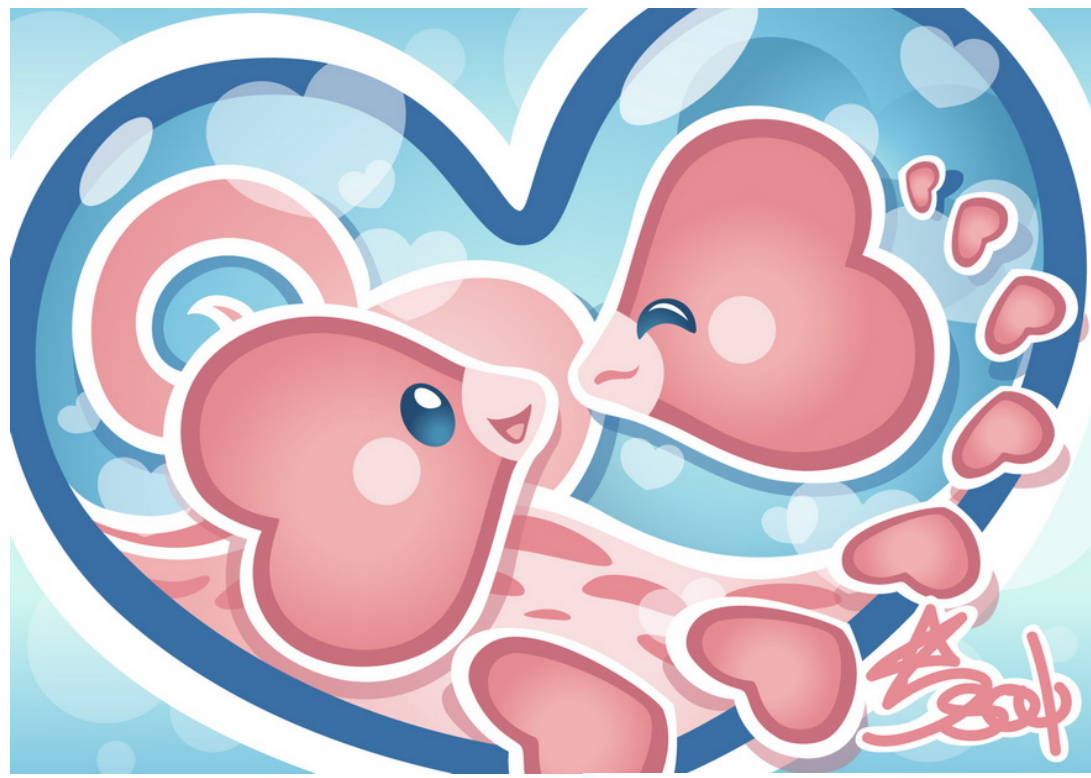
## **Retirement made simple**

- Commit today to do something in the future.
- Auto enroll
- Auto escalate contributions

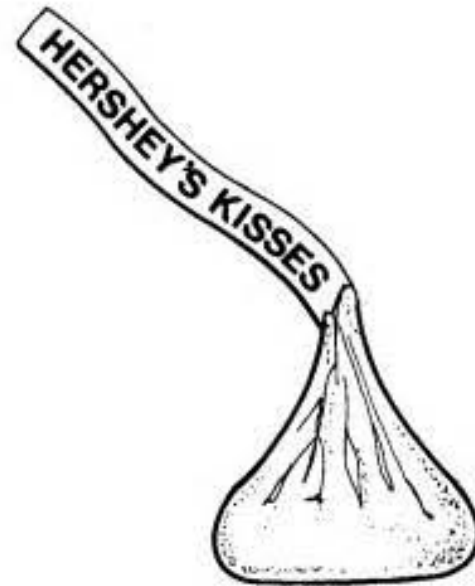
## **Richard Thaler**



KISS



Keep  
It  
Simple  
Stupid



# Historical Performance of Premiums over Rolling Periods

## US Markets

Overlapping Periods: July 1926–December 2017

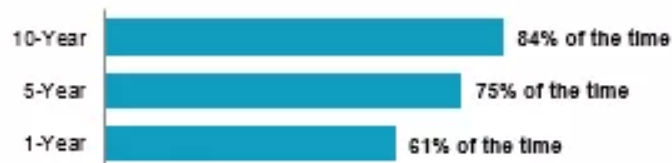
### MARKET beat T-BILLS



Market is Fama/French Total US Market Research Index.  
T-Bills is One-Month US Treasury Bills.  
There are 979 overlapping 10-year periods, 1,039 overlapping 5-year periods, and 1,087 overlapping 1-year periods.

Overlapping Periods: July 1926–December 2017

### VALUE beat GROWTH



Value is Fama/French US Value Research Index.  
Growth is Fama/French US Growth Research Index.  
There are 979 overlapping 10-year periods, 1,039 overlapping 5-year periods, and 1,087 overlapping 1-year periods.

Overlapping Periods: June 1927–December 2017

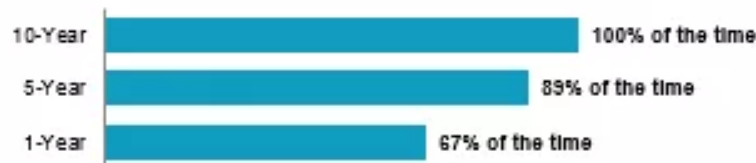
### SMALL beat LARGE



Small is Dimensional US Small Cap Index.  
Large is S&P 500 Index.  
There are 968 overlapping 10-year periods, 1,028 overlapping 5-year periods, and 1,076 overlapping 1-year periods.

Overlapping Periods: July 1963–December 2017

### HIGH PROFITABILITY<sup>1</sup> beat LOW PROFITABILITY



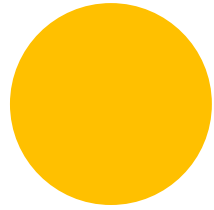
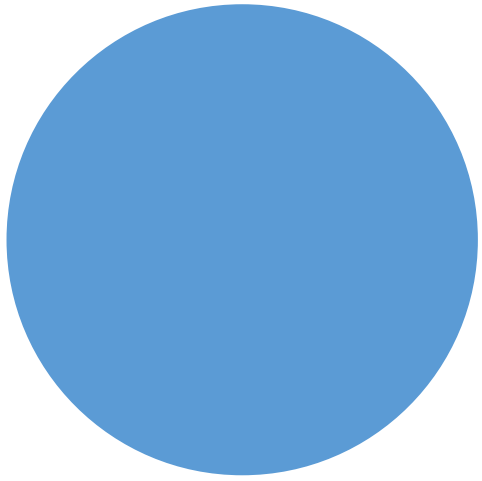
High is Dimensional US High Profitability Index.  
Low is Dimensional US Low Profitability Index.  
There are 535 overlapping 10-year periods, 595 overlapping 5-year periods, and 643 overlapping 1-year periods.

In US dollars.

Information provided by Dimensional Fund Advisors LP.

1. Profitability is a measure of current profitability, based on information from individual companies' income statements, scaled by book.

Based on rolling annualized returns using monthly data. Rolling multi-year periods overlap and are not independent. <sup>1</sup>One-Month Treasury Bill<sup>®</sup> is the 1A BBBB US 30 Day TBILL TR USD, provided by Ibbotson Associates via Morningstar Direct. Dimensional Index data compiled by Dimensional. Fama/French data provided by Fama/French. S&P data copyright 2013 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment. Past performance is not a guarantee of future results. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP. Index descriptions available upon request.



# Estate Planning Applications



# What was learned from 2,000 obituaries

Builder Reporter  
**Singer** Save  
Philanthropist Author World  
Program Ad **Leader** Activist  
Voice Music American  
Found **Pioneer** Show  
Hostage Work  
Civil Ford Advocate  
Wine Color **New** National  
Japanese Kill Survived Nixon Chronicle  
Editor **Founder** Research  
Campaign Last Empire  
Design **York** Executive  
Creator Transform Former Associate  
**Director** Defied Case  
Restaurant Company Fought  
Co San **Led** Chief  
Rights Champion  
**Artist** Time  
Film Cancer  
**Help** Art  
Public Producer Black  
**Lawyer**  
President Fight  
Car **Writer**  
Official





# Grim Statistics

- 78% of Millennials don't have a will.
- 64% of Gen X's don't have a will
- 81% of people over the age of 72 DO have a will
- Those who die without a will: considered to be irresponsible by those they leave behind.
- Why? Haven't gotten around to it, don't have enough assets

## **A ROUND TUIT**

This is a Tuit. Guard it with your life as Tuits are hard to come by, especially the round ones. This is an indispensable item. It will help you become a more efficient worker. For years we have heard people say, "I'll do it as soon as I get a round tuit." Now that you have one, you can accomplish all those things you put aside until you got a **ROUND TUIT.**

104-73-0377

# A Tale of Two Brothers

## **Jim**

- Small business owner.
- No succession plan.
- Didn't include spouse in running the business.
- Died suddenly at the age of 38.
- Business went bankrupt.

## **Pete**

- Small business owner.
- No succession plan.
- Didn't include family members in running the business.
- Died suddenly at the age of 65.
- Adult child running the business.

# The Fredo Effect

- Incompetent family member ruins succession plan
- Feels they have been wronged somehow
- Skipped over
- Not the favorite son/daughter
- Business suffers



# What if ...

## **Collected Stories**

- Tell me about your most valuable possession.
- What are you passionate about?
- What are you proud of?
- How can we let people know of your achievements?
- How do you want to be remembered?

## **Focus on Tasks**

- Fill out this form prior to coming to the office
- What property do you own?
- How is it titled?
- What are the names and social security numbers of all your living children, grandchildren, etc.

# Other crazy ideas

- Charge for the will, give the other estate planning docs FREE.
- Sliding scale price for will, the younger the person, the cheaper the price.
- Subscription. Client must continue to pay a monthly fee until they return all the documents.
- Have a default Estate Planning package
- Refund part of the fee when the documents are executed, or the trust is funded.
- Donate \$ to a charity in their name when tasks are completed.

# Other crazy ideas continued

- Donate \$ to an anti-charity if tasks are NOT completed. ([stickk.com](http://stickk.com))
- Simplify the process (power of defaults)
- Meet them in their home
- Have them bring pictures from 20 years ago (what would you say to this person?) Take current picture and age it digitally.
- Begin with the end in mind, what do you want to be remembered for?
- What would you think of a person who passed and didn't have estate planning documents in place? Irresponsible.

# Human Doing vs Human Being

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Dyer, 2009



All lasting  
change  
happens on a  
spiritual level.



# Parting Wisdom

**A financial planner who manages his own money has a fool for a client.**

- Biases exist
- Awareness not enough
- Need professional help

**A lawyer who represents himself has a fool for a client.**

- Can't see clearly
- Awareness not enough
- Need professional help

# Call to action – help the next generation

Write down today or email to [griesdor@uiwtx.edu](mailto:griesdor@uiwtx.edu)

Text to 806-535-8888



# Key Points in My Life

- My dad's sudden death @ 38 1974
- Finding a spiritual home 1987
- Dale Carnegie class 1993
- Strength's Quest & MBA Teacher Mike Smith 2000
- Son's attempted suicide 2009
- 12 step program OA 2017