

Episode 175: Can Money Buy Happiness in Retirement?

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Retirement income, financial personality, happiness, values alignment, wealth management, delayed gratification, financial planning, spending habits, purpose, relationships, risk management, behavioral finance, life satisfaction, financial discipline, personal growth.

SPEAKERS

Alex Murguia, Daniel Crosby, Briana Corbin, Wade Pfau

Briana Corbin 00:00

The purpose of retirement style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to [recent profile.com/style](https://profile.com/style), and sign up to take the industry's first financial personality tool for retirement planning. You can money buy happiness? According to Dr Daniel Crosby, yes, but only if you spend it right this week, Wade and Alex, dive into Daniel's new book and explore how aligning your finances with your values can turn wealth into a fulfilling, joyful life.

Wade Pfau 00:57

Hey, everyone, welcome back to retire with style, and I say, welcome back, because we're recording back to back. Here. We have Daniel Crosby as our guest this week, and my co host, Alex margia PhD, who felt he needed to have that said as well. Daniel Crosby PhD, both, both fit their PhD, Daniel,

Alex Murguia 01:18

I have arrived. I'm gonna tell my mom to listen to listen to this particular episode right now.

Wade Pfau 01:24

Dr, Alex margia PhD. Dr, Daniel Crosby PhD, but this is a second part for us with Daniel to talk about his new book, The soul of wealth, 50 reflections on money and meaning, which actually, Daniel, this is the, at least the fourth book you read. And I don't know if there's been more than that, but it is, yeah, quite a series. Going back to personal benchmark as your that was your first book in 2014 that was great. So we're up to book. It's book number four, the soul of wealth. That's the newest one. Wade,

Alex Murguia 01:57

why is it that Daniel doesn't have his books in the back shelf, and you are prominently displaying, displaying all of your boats in your back shop. Yeah,

Wade Pfau 02:05

but he my mom, where the video goes on on YouTube. I'm not sure if we told him that in advance. Otherwise could have his books lined up everywhere. There you go. There you go.

Alex Murguia 02:18

Daniel, just, Daniel just brought out the big gun. Nicely done. Man. Hey, Daniel. And reading through this, I'll just, you know, I'll touch upon some themes that I that, you know, I found very interesting and now, and take it from there, from your end. But the first one that I think is important, and this comes when we're speaking to clients, when clients come in, no comes into McLean and say, Here's whatever, here's \$500,000 and in 10 years, I want more. And that's it, right? It. And no advisor in their right mind is going to say, okay, yes, and manage it without any contextual base. And I guess by using the phrase contextual base, that's a more operationalized way of saying values and aligning your what you want to do with your wealth, what how do you want to spend in the future, and how to align it with your values? Could you elaborate on that? Because I think that's that's actually the most important concept in in for me, in terms of helping people contextualize their investment experience, which is, all right, how do you want to what do you want to do with this wealth? And a lot of them are just, I don't know. I just want to spend it. And then, you know, you begin to peel that on you, and as you get through the layers, you ultimately end up in aligning values, aligning spending with values. Yeah, it's

Daniel Crosby 03:36

it. I'll work that from two angles. I think most people's goals when they come in are kind of lame, frankly, if I may, you know, they're, they're deeply mimetic, usually, like, it's, they're, they're socially influenced. That is, it's like, you know, their neighbor got a boat, so now they want a boat. Their brother in law has a million dollars. So they want to, or wait,

Alex Murguia 03:58

wait, Daniel's about 30 seconds away from saying hedonic treadmill, no, no.

Daniel Crosby 04:07

Really not gonna do it. I was No, no. So you know, they're socially influenced goals, though, and they're not necessarily very personal or very valuable. Is

Alex Murguia 04:17

that money

Daniel Crosby 04:18

is cool because Alex, you know, as a PhD, Alex, you know,

Alex Murguia 04:25

you know that psych one I'm really a side D, I'm really a side D, nah, and I'm kidding, yeah,

Daniel Crosby 04:30

you know, you know that psych 100 you learn that people are poor reporters of their own behavior. You know, you ask me, what, what are you what do you like? What do you value? What's important to you? And I give you sort of a very, a very righteous, sort of glorified retelling of who I am and what's important to me. Money really cuts through that. So if we examine our spending, you know, I have one chapter in the book where I say, basically, show me your budget. You know, you. Know, I'll show you your values. So I love my family, families. The most

important thing to me was like, well, you you left 10 PTO days on the table last year, and you spent, you know, 150 bucks on vacation. So maybe not, you know. So I think, I think we can look at our money, and it can tell us who we are, and it can give us a true sense of where we're at and where we want to be. And working with an advisor is a great way to get from point A to point B. The second thing that I'm sort of on a soapbox about is your money is your vote. You know, you get more of the world's gonna get more of what you spend money on, and so, in a very real sense, the way you spend your money, if you spend your money in accordance with your values, the world's gonna look more like what you want it to look like, right? Like

Alex Murguia 05:53

every thought of it that way. That's awesome. That's a great that's a great thing to phrase. Have you ever heard that before? Wait,

Wade Pfau 06:00

no, but no, it absolutely makes sense.

Daniel Crosby 06:03

Yeah. I mean, every, every social movement. I mean, you talk about the, you know, the Civil Rights Movement here in the south. You talk about the getting rid of apartheid. You talk about the Boston Tea Party, the American Revolution. They all used financial levers to accomplish their means. I mean, that's what a that's what a city and at a lunch counter is. That's what a bus boycott is. And, you know, on a on a much smaller level, I take my kids to the farmers market every week, and my kid, the other day, I took him to the farmers market, and he was effectively like, God, why is this spaghetti sauce cost so much, you know? He's like, look, this is four times as much as we pay at the store. And I said, yeah, it, it is. But I want to live in a world where I can take my kids to walk around a nice park on a Saturday morning, and this local, you know, this local entrepreneur can so I'm going to keep paying too much for the spaghetti sauce because I want more of this in the world. So I think you know whether you're trying to make the world more like you want it to be, or whether you're trying to make your life more in accordance with your values. Money has really valuable lessons to teach us, if we if we listen.

Alex Murguia 07:18

Now, when you think, because I've done this. And, you know, here, let me know what I was doing. You buy something, and a few seconds later, the dissonance sets in, like, Oh, why did I do that? You know, you find yourself buying it for the sake of buying it. And then when it comes in, it's just such a let down. And you're and, you know, I think it was mad, man. Happiness is the space between one, you know, getting something. And you know that moment when you want more, you know, there's a little, there's a little bit of a, I don't know, whatever, some time period, and all of a sudden you're like, oh my goodness, right? You think that happens when you're non aligning, spending the values? And then, what would that be?

Daniel Crosby 07:56

I think it does. And I think there's something, I think there's something else at play too. You know, Willie, here we go. No, no, no. Mention of the hedonic treadmill. No, no. I

Alex Murguia 08:07

thought I was gonna, I thought I was gonna get taken to the woodshed here, which is totally fine. No, no, oh

Daniel Crosby 08:11

no. But yet, either No, but we, we failed to make a distinction between owning and being right. And I think a lot of times we, we buy things, you know, we buy, we buy the tag Monaco, thinking we're going to be as cool as Steve McQueen, or we buy the Fender strat, thinking we're going to be as cool as Jimi Hendrix or the car or whatever. And a lot of times we, you know, I talk in the book about the psychology of this owning, being distinction, and we don't make a distinction. Think, well, if I have this thing, I will be more of this. And we want to be younger, cooler, prettier, smarter, whatever it is. And so we buy something that we think is going to get us there, and then the bubble sort of bursts, right? The illusion is broken. We get the thing? We're not as cool as Steve McQueen. We're not we, you know, we got the fender strap, but we can't play like Jimmy, you know, whatever. And so I think that illusion is broken. The other thing Alex is, it's easy to idealize an idea, but things are inherently imperfect and prone to entropy, right? Your car gets dinged somebody like, you know, when the car is just an idea, it's perfect. But when you buy the Porsche and somebody hits it with a shopping cart, you know, now is now, it's not perfect. So I have a funny story. Like, I, I consider myself a watch guy. I don't have any watches. I have

Alex Murguia 09:43

been, I have been studying about curious

Daniel Crosby 09:46

watch guy, a vicarious watch guy. I've been studying about watches for two years, and I like, really into the hobby. Know all about know all about it, know all the different brands and the different stuff. But I know that the minute that I spring. For my first expensive watch, and I will eventually like, but you know, the minute I spring for my first we'll see how the market turns out in the next pause, we'll see, wait, wait until the pause, unpauses is on this tariff. Wait, see what the tariff on Switzerland's like. Yeah, exactly. But yeah, you know, I know some of the magic will be gone when it moves from being an idea to a scratched up piece of steel on my wrist.

Alex Murguia 10:28

Yeah, no, I think there's a lot of truth to that. Now this goes back to the money. The other theme, I think it sort of evolves around that first one, this whole concept of money and happiness. And you know, and you know, when I'm reading the book, and like I, you know, what goes in my head is all these articles that you see, like, once a year about what's the salary you need to be happy, those kind of things. What are your thoughts around that the idea around money can buy happiness if you spend it wisely. And then I'd love to get your take on that whole kind of how much do you need to make to be happy, and anything more is marginal utility. Yeah,

Daniel Crosby 11:04

so it's interesting. So you know, you'll, you'll know this better than most, but there's no, there's no blood test for happiness. So the research really hinges on how you measure it. And a few years ago, Danny Kahneman and Kahneman and Deaton came out with this study that was everywhere, exactly. And I mean, I pushed it because it sort of confirmed all my prior assumptions. And this study found that when you measure, when you measure happiness in money, it plateaued at about \$75,000 which would be about 100 today, so you know, up, and it's up into the right until you make about \$100,000 a year, and then it plateaus rather aggressively, and it's kind of flat lines from there. Well, a lot of people like that idea, because

sort of the takeaway was, Oh, good. Like, you know, it can buy you creature comforts, but it can't buy you what matters, and that's sort of true, but the way that they were measuring happiness was sort of physically heavy. Money's really good at fixing your toothache or getting you to the doctor or buying you warm bedding or a dry home, and that stuff all matters, right? The absence of that stuff will make you miserable, but, but an excess of that won't necessarily make you happy. If you measure happiness more subjectively, more qualitatively, they have people do stuff like, write me a paragraph on how like, Wade, how you doing? Like, write me a paragraph just qualitatively, subjectively, how are you doing? What they find is that the quality of happiness in those subjective measures is up into the right to about half a million dollars a year. And so if we're measuring it more subjectively, maybe money kind of does buy happiness in just more than a warm place to sleep. But to me, the more fascinating thing was, 15% of people in these studies are sort of impervious to happiness. And I think we've all met these people. Wait wherever you

Alex Murguia 13:15

let's just, let's just call them out right here. Wow.

Daniel Crosby 13:19

Not your co host, not your beloved co host, but yeah, it's like 15% of people. It's just sort of decoupled past a certain point, and like it doesn't, it doesn't matter. Like they have, they have other problems, and if they're chasing money, that's the wrong problem. When you look at spending it, well, that matters. So we know that spending, you know, spending on experience, is sort of well trodden path. We know that that works. Another thing that I love is spending to get out of work you hate is really buys you a lot of happiness, right? This

Alex Murguia 13:55

is I was going to say for my client, where I was thinking about, Oh, I have to ask Daniel this. Well, you know when there's a pause, and I think it just interjected, so apologies, but many of our clients, or people that are on their way to becoming clients, a common refrain is, I hate what I'm doing. How much longer do I need to do this before I stop? Because I can't stand it anymore. And ultimately, they hit what they're doing. If you break that down to its most common denominator, it ends up being time they don't have no time. They're locked in. They had, literally had golden handcuffs where Sure, they can go on a lunch. But if they go on a lunch for recreational reasons, and they divide that time that they could have been working by their hourly. It's the most expensive, you know, it's \$30,000 launch. And so they end up saying no to things like that, you know, and so, but after years of this, and I know first world problems, I get it, but after years of this, they hate it. They're absolutely just ready to jump because they've never, you know, they they're well past that 500,000 you. But they feel literally, I had to use a comic that leads the grind, if you will, and that just gnaws on them and gnaws on them and gnaws them to the point that they're just ready to

Daniel Crosby 15:09

walk no matter what. Yeah. I mean buying time, buying effectively, buying your freedom, is one of the best uses of happiness, and it's one where people are sort of loath to spend money on buying time. But, you know, I live in Atlanta, and you know, paying, paying a high school kid to cut my lawn is like the best money I could ever spend in July and August in Atlanta. I mean, it's just I'm very happy to not be out there sweating it out. And so, yeah, getting out of work. You hate buying your time back, being generous, giving money away, spending on experiences. I

had a gentleman on my Dr, Michael Finca, on my podcast, and he talked about some interesting research. He talked about, if you, you know, if you spend it on, if you spend it on a car, right, like if you buy a fancy car that tends to be short lived, the the bump and happiness, but if you buy it on a car to join a car club, it's much longer lived, because now you've got a place to go on Saturday, and you've got some new buddies who share a common interest, and you got some guys to have coffee with. And so anything that sort of furthers relationships. Relationships are sort of the number one predictor of a life well lived, and so anything that you can spend that brings you together with people you care about is money well spent.

Briana Corbin 16:32

Let's take a moment to let the audience know that this show is sponsored by retirement researcher. You can learn more about retirement researcher at retirementresearcher.com and subscribe to our newsletter where You'll receive weekly actionable information for your retirement planning benefit. Retirement researcher is an online community devoted to helping you create the retirement income plan geared towards your goals.

Alex Murguia 16:56

And what do you for financial planning? Just to bring some numbers into this for financial planning and for a lot of the work that Wade and I do, we make a distinction between, excuse me, essential expenses and discretionary expenses, right? And some people would say, oh, there's no difference between them. They're all the same. I don't subscribe to that point of view. I think there are levels to this, but I when I heard you speak at the beginning in terms of, listen, if you can't cover the central expenses, the whole Money Can't Buy Me Love kind of thing. It just throw it out the window. You need to at least cover this hierarchy, you know, lower level things. If not, you're going to have trouble. I get the sense you're making the distinction of the marginal utility when it gets into the discretionary realm. Once you've satisfied essential and you're getting into the discretionary then you can begin to barter in terms of what really what you really value and what brings you the most happiness. Is that? Correct?

Daniel Crosby 17:55

You know? But we have like hygiene needs to use the shrink term, right? I mean, to paraphrase Gandhi to a poor man, bread is God, right? Like, if you're hungry, you're not worried about the meaning of life or friendship or love or transcendence, you're worried about eating. And so I think you know, until we get these these needs fulfilled, it's hard to care about the wants. What happens, I think, for a lot of the people that you know, the three of us deal with, though, is, I'm going to say it because of the hedonic treadmill. You know, what? Things that were formerly, things that were formerly, you know, nice to have now become perceived as being absolutely essential, and then they have a hard time making that distinction. And that's that's tricky.

Alex Murguia 18:45

Would you say these are nomothetic concerns and more idiographic?

Daniel Crosby 18:53

I would not say that. No,

Alex Murguia 18:58

no, I agree. But it's not to discount, though, folks that, from a discretionary standpoint, from an existential point of view, they could have the same amount of psychological valence, you know,

from a from a emotional distress, than somebody that's worried about bread to some extent. Or am I getting that wrong? Oh, I mean, I don't think you're talking about the psychological balance of, like, big existential concern, yeah, like, yeah. Or someone that's, you know, what shirt Am I gonna wear today? Oh, my goodness, I'm gonna go to this business meeting and, you know, they begin to catastrophize the, you know, the pros and cons of wearing the wrong shirt. I think that Valence is just strong sometimes, as you know, someone dealing with lower level items. Even though, you know the big picture, it doesn't really matter.

Daniel Crosby 19:46

So it's, it's funny, like we seem wired. We seem wired for trouble. You know, if you look at, if you look at when, when this country was founded, 85% of the world was. Living in poverty, what would be \$2 or less a day today. Today, that number is 9% you know, and it's vanishingly small in the US. Over that time, you know, since post post World War One to today, that the average size of an American home has tripled. And with all this wealth and all this abundance, we're we're no happier, and, in fact, we're quite a bit sadder. So I'm not, I'm not, I would never deny the reality of existential concerns, or sort of the modern, you know, the modern malaise and modern anxiety. But you know, it's like you inherit a new class of problems once you get past, you know, once you get past the needs, I will say, though, you know, there's, there's upside to that, you know, like worrying, worrying about what you want to be when you grow up, or what kind of person you want to be, or what your legacy is, that's all real stuff and like, that's worrisome, but it's, it's, it's maybe a better class of problem than worrying about where your next meal is going to come from, and at least if you, if you resolve that problem, that I think is a big payoff.

Alex Murguia 21:10

No, I got you in retirement. Once you're retired, have you done any work around that? Or, I know you're well, read about pretty much everything. But when it comes to retirement, have you encountered any things that have caught your attention, that people are worried about, that they wouldn't be worried about from the accumulation space of their for their career, that that may fit into this sort of subject?

Daniel Crosby 21:32

Yeah. So if you think about the positive psychology research, right, and you think about just the perma model, right, like, what, what makes people thrive? You have the, you know, these sort of, these five for sakes, depending on who you ask. You know, facets of thriving. One is sort of fun and leisure. You've got work relationships, purpose and personal growth would be sort of your five categories. Most people who are preparing for retirement are super locked in on fun and leisure. You know, they're like, I want, I want to have enough money to go visit the grandkids in golf and go cruising or, you know, whatever. And money is awesome at that, like my I mean, money is, is wonderful at providing fun and leisure. But if you look about the look at things like meaningful work, strong relationships, meaning being part of a team and personal growth. Work actually does these things very well. I mean work, work actually provides a lot of those opportunities, and they're lost when we when we exit the workforce, and people don't plan for those other four, you know, tent poles. They're so locked in on the number and making sure that they can have the fun that they want to have that they don't ask themselves questions like, Who am I going to hang out with? Like, you know, who am I going to hang out with? How am I going to continue to grow and stretch myself? Because human beings are wired for growth.

Laying on the beach is fun for like, the first 10 days, and then it's boring. You know, who, what beach are you going to? Daniel, yeah, well, see, maybe that's my problem. Beach. No, no,

Alex Murguia 23:19

you make a great point. And Wade, you may want to chime in. I mean, what are the reactions we get? We have something called the Retirement Income Challenge, where for a whole week, it's almost like a juice challenge. We have retirement researcher, which is an online community, and we take them through four days of a retirement plan, and on the fourth day, we don't really go into the retirement plan. We say, Yeah, we go into retirement, and what's that look like? And the idea is, you don't retire, you know, from something, you retire into something because you're going to have a lot of gaps that you're going to need to fill. And wait listening to Daniel, didn't they didn't that sort of bring up the items that are covered during that

Wade Pfau 23:56

Yeah, it really overlaps that idea that there can be a honeymoon phase of retirement if you are focused on that leisure that you didn't have time to enjoy before. But eventually you get tired of that, and then you do have all those other purpose, passion, what you're going to how you're going to spend your days, relationships, things that, if you haven't been investing in those non financial relationships and personal passions and interests and growth, eventually, retirement can become a negative kind of emotional burden once you get past that honeymoon phase. And another aspect of that too, with the focus on leisure and things, is sometimes people have hobbies in mind that they want to go back and do what they did as kids, whether it's learning to play guitar, whatever it is kind of hobbies or interests that they've been pushing off for the past 40 years because they haven't had time. And finally, when they retire, they will have time. And then they retire, and it really was the case that they weren't all these interested, interested. Do these things anywhere. That's why they've been pushing it off for the past 40 years. And they no longer have the excuse that they're too busy. And I think that can cause some real kind of psychological just I wanted to do these things. I had an excuse not to do it. I no longer have that excuse. I think I don't really want to do this. Now. What am I supposed to do? Type of feelings so it, there is a lot that goes into just thinking about how you're going to replace work in retirement.

Daniel Crosby 25:29

Wait, are you suggesting that I won't actually write the great American rock and roll album when I'm when I'm done? Because that's my that's my plan. But you know, time

Wade Pfau 25:41

to do that, right?

Daniel Crosby 25:43

Existential philosophers talk a lot about freedom from and freedom too. And I think, you know, to Wade's point, we often get very locked in on freedom from, you know, when we envision retirement, we go, oh, like, no more zoom calls, no more board meeting. You know, you have freedom, freedom from the tyranny of email and like that. That stuff sucks. I get it like, that's, that's, you can be happy about being rid of those things, but what are you going to be free to do? Okay, now you've escaped your cubicle, and now what? Now what? And I don't think people, I think people spend a lot of time fantasizing about escape and don't always know what they're running to

Alex Murguia 26:22

well, but I think that's why, in your book, I think you do a great job of bang at home on the message aligning spending with valleys, because at the end, and money and happiness, and get them to think about that, because ultimately it begins to sort of, You know, tilt their head directionally, in, in the right, in the right manner, and, and where I'm going with this is segueing into a financial plan. Talk about that. You talk about that theme in your book, and, and so taking these two concepts in there, you know, in consideration, I think that's, that's the, those are the, primary colors that you need, if you will, to begin to establish and craft a good financial plan. You know, now, without leading the witness any further here, well, you know, what are the and obviously, we're retired with style. We focus on retirement income planning, which is ultimately a financial plan around retirement. What? What do you think goes into crafting a good financial plan. You know that, as as discussed in the in the soul of well,

Daniel Crosby 27:24

so there's, there's certainly people who can give you a more comprehensive answer, but I'll show I'll tell you better, yeah, part of, part of, part of being a good behavioral scientist is meta knowledge, knowing what you don't know. And I certainly don't know the whole answer to that, but I'll tell you where I feel like people get the most, where they fall short the most. And I think on that's on like a highly salient articulation of goals and values. I think that that is where it falls short the most, is that people just have these sort of boring tick the box goals, and we haven't always done enough as an industry to make those things sing and make them come to life and make them personally meaningful to the person we're trying to help. I know you, I know you guys do a good job with that, but I don't, I think as an industry where we're still kind of locked in on the number and not the purpose behind it. And I think that's a big miss. I

Alex Murguia 28:24

think part of it is, probably it's, I think it's a bit of a workflow issue, where people think and advise. A lot of advisory firms think in terms of efficiency, and they start playing in that tune in under three beats, you know. And so they're like, What do you want? Okay, next. Boom, boom, boom, boom, five steps, you know, we've had, we've had two meetings, and we're transitioning into them becoming a client, you know, I think they get caught up in that rigmarole, and they forget the essence of trying to actually help this person out. Danny,

Daniel Crosby 28:56

yeah, I think that's exactly I think that's exactly right. I was at a conference last night, and I saw will will gadera Speak, who, you know, is the executive producer of the bear that great, great show, yeah, the restaurant industry, and had the number one restaurant in the world. And he talked about the the thing that elevated his restaurant from, you know, from where they sat nowhere on the list, and number one in the world was taking every touch point in the client journey, you know, the diners journey, and elevating it. And he talked about things like delivering the bill. You know, when you ask for a check at her at a restaurant, usually it's like, you know, they they drop it and say, Have a good night, and maybe you get a mint, if you're lucky. You know, he talked about, you know, elevating and making that a special part of the process. I think good advisors do the same thing. They're not just trying to tick the box. They're going wait a minute like, let's have a deeper conversation about these goals and values. Let's spend a moment teasing them out and making them real and making them your. Is, and then they're not content to just say, okay, tick the box. What's the number next?

Alex Murguia 30:07

Now, within your book, when you would go into financial planning and what makes it the financial plan at the end of the day, financial plan is not like a Randy McNally road map. It's more along the lines of like Google Maps or something like that, letting you know there's traffic here. Let's here. Let's reroute you, etc. How often do you feel? I don't know. I actually don't know the answer to this. Are values somewhat anchored, you know, for your life? Is this kind of a trait, like thing, or do you or is there a lot of room to for these values to change, that would then necessitate rejiggering a financial pie.

Daniel Crosby 30:45

I think there's I think that values remain pretty static, but the expression of them may change, right and then so the attendant financial realities may change, you know? So I think about myself like relationships are always going to be a central theme in my life. But you know, now I'm the father of three children at home. Soon, I'll be the father of two children at home. You have a kid, kid go to college, and then in a couple years past that, I'll be the father of zero children at home. So like, you know, what do relationships look like in my life? Then what are the financial realities that attend that preference? And they look pretty different. So I think that they're simultaneously enduring and dynamic, and that's why it takes a little bit of a little bit of finesse on the part of a good, good advisor. Got you

Alex Murguia 31:37

now, one of the things to make financial plans go or, you know, and frankly, just with what's happening in the markets right now and everything, is this ability, this, this ability to stay the course, having this financial discipline. And in your book, you use willpower as as that kind of Nexus, if you will. What do you suggest people can have in their back pocket to really give them that boost, if you will, of willpower. Because I'm assuming you know, it's a concept that's easy to understand but difficult to actually implement. Yeah, the willpower

Daniel Crosby 32:13

chapter was a lot of fun because it sort of blew up some sacred cows, if you will. I think that we as Americans tend to lionize willpower in sort of a white knuckle sort of way, just through, you know, grit your teeth and through pure strength of will and, you know, make it through the tough times. The research on willpower is a little different. It effectively shows two things, like people who exhibit great high levels of willpower are really good at two things. One is they formed habits. You know, the the hard thing, whether it's diet or exercise or good financial habits or whatever else they've they've really formed that, and it's become second nature to them. It's become habitual to them so they're not white, not pulling it through. It's just sort of a habit. Now, the other thing that I find even more fascinating, perhaps, is that they make bad things hard. You know, they I, over the last year, I lost a bunch of weight, and one of the things that I had to do was just keep stuff out of my house that I didn't want to eat. I just had to make doing the wrong thing harder. And, you know, I got a wife and three kids with, like, endless metabolism, and I don't have that. So you have to say, like, Look, you, you cannot bring the double stuff Oreos in here because I'm crushing a whole sleeve, like, if I,

Alex Murguia 33:41

if I draw the line on Hot Cheetos, yeah, the Cheetos, yeah. Man,

Daniel Crosby 33:49

that's my kryptonite. They're gone, right? So you just can't bring them in. So that's, that's sort of willpower deconstructed. Make stuff habitual and make bad things hard, you know, stay out of the way of temptation that that ends up being sort of the unsexy DNA, or sort of

Alex Murguia 34:07

the environmental cues. I mean, there's the work on addiction, right? When you're an alcoholic and you're, I'm minim, I'm not butchering this, but effectively, don't drive home the same way you did previously, if you were always stopping at the 711 right to give yourself a four, get you find another route home that way. The queues don't don't activate,

Daniel Crosby 34:27

if you will. Yep,

Alex Murguia 34:31

all right. And so with that, financial planning also requires discipline, and you go into delayed gratification. You know, from that standpoint, from a wealth accumulation standpoint, you know, we talk about decumulating, you know, for retirement income. But what would you recommend to somebody who's accumulating and they go through certain inflection points that if they that. If they go this way, their plan, if you will, is, you know, there is going to become more more and more timeless, you know. And so it requires a level of delayed gratification. How would you go about mastering that? And are there any studies of, you know, in the like that you mentioned in your book that kind of are indicative of, listen, those who can delay gratification over the long term have XYZ kind of outcomes.

Briana Corbin 35:26

If you're enjoying the deep dive into soul of wealth with Dr Daniel Crosby, you're going to love what's happening inside of the retirement researcher Academy, we host events just like this, live discussions expert Q and A's and practical workshops, all designed to help you connect the dots between great ideas and your real retirement plan. The Academy is where we keep the conversation going with guidance from Wade Alex and a community of curious minds like yours, visit retirementresearcher.com/academy-rws and use code [rws1](https://retirementresearcher.com/academy-rws) to get your first month of Academy on S. Again, that's retirementresearcher.com/academy-rws, or check the show notes on this episode to start turning insight into action.

Daniel Crosby 36:16

Yeah, you know, I think the name of the chapter is delayed gratification is the ultimate life hack, and I'm gonna forget all the chapter and verse, But I talk in the I talk in the chapter about the myriad benefits of delayed gratification, from finances to health and sort of everything in between. It really is this sort of one key that unlocks a whole lot of doors. And I mean, you just see this trend, whether it's, you know, whether it's staying married or staying in shape. You know, a lot of times temptation comes and looks pretty good in the short term, but the long term, you know, it's not in term of the and

Alex Murguia 36:51

what gratification are you delaying if you're staying married? Hey, man, yes, let's unpack that one a little bit more. Forget the book,

Daniel Crosby 37:00

to the people I'm speaking to the people here. Yeah, so you know, it's like a lot of the times, what sounds good in the moment isn't good for sure. What's good for your short term, you know, happiness is not good for your long term joy, whether it's a donut or, you know, the good looking person next to you on the plane or whatever it is, right? So you gotta, like, make those trade offs. And really, it really comes down to, you know, Stephen Covey talks about having a yes burning inside of you that's bigger than the no of whatever you're giving up. So it's, it really comes back to why? You know, purpose is a thread that runs through very many parts of the book. It's, it's almost science fiction, like how powerful purpose can be in helping people make better financial decisions. And so getting clear about your goals, making them extremely vivid in your mind, and really looking forward to that that future date is, I think the only way you're able to get past the pain of having to say no to something fun you could spend that money on today is having a bright vision of what that tomorrow looks like.

Alex Murguia 38:15

No, I agree. I think the genius of the book here is that you're taking these concepts, you're applying them throughout life, you know, in all aspects of life, not just, you know, financial planning related, but by the same token, if you take these concepts, to me, they're the essence of what makes a financial plan affect it, right? You know, and this is with Wade here. Wade, can, you know, can take any number to the fifth decimal point, like nobody's business 30 years from now, etc, etc, etc, but you're listening to this way, what's your take? Because we talked about how I looked at mastering delay gratification, overestimation of your willpower. To me, that's staying disciplined, right? How to craft a good financial plan, with regards to everything that we talked about, specifically with money and happiness, what's that equation, as opposed to just wanting more? What's that sort of balance? Right? Where that fulcrum kind of takes place, and aligning it, aligning spending with values, to me, you get this correct. This is where it's at, not necessarily taking something to the fifth decimal point. Now I say that with you, Wade, who are? You know, you're the 800 pound gorilla when it comes to the the engineering of a financial plan. You know, you're listening to Daniel, and this is kind of, maybe bizarro Superman kind of thing. But what's your take on on what you're listening to?

Wade Pfau 39:38

Well, yeah, I mean, I think it makes a lot of sense. And the whole idea of delayed gratification that really aligns with a lot of the financial aspects of retirement, where short term sacrifice can ultimately lead to longer term benefit. And we see in the data these characteristics associated with delayed gratification correlation. With longer lifespans help because healthier living, more education, more income, more wealth. And it's all really about having that ability to create that short term sacrifice for those potential long term benefits. And I think a lot of listeners to the podcast they're seeking out podcasts on retirement suggests they may have that sense of delayed gratification may probably more than the the average person in the country, and that all aligns very nicely. And to balance it all out, though, as well, with what we were talking about earlier, it's not just a delayed gratification purely on the financial side, but making sure that you are investing in those non financial aspects as well. Because I think that is the area where sometimes the folks who are really focused on saving and their finances may be missing out on how to have that best achieved balance in retirement. So it's really interesting for me to listen to Daniel, talk about those themes.

Alex Murguia 41:01

I was hoping you would say you come from the Neil Young. Uh, better to burn out than to fade away. Uh, school of thought on delayed gratification. But I guess I was wrong way.

Wade Pfau 41:10

I thought that was it, was it die before they get old? Or,

Alex Murguia 41:15

Oh, that's my generation song. No, I'm thinking, hey, hey, my mind. I'm thinking into the black. Come on. Wait, come on. Man, uh, Daniel, one, uh, one of the things that I think is an interesting concept is risk. Obviously, you know the risk free rate sets everything in finance and financial planning, you have to have certain return assumptions which involve risk. You have to have certain standard deviation assumptions with it, which involve volatility and the like, but those are numbers driven. Your book talks about risk. You know, you know. You know, in meaningful endeavors, what do you mind sharing that with the audience in terms of how you view it from a soul of wealth perspective? Yeah,

Daniel Crosby 41:55

one of the one of the clients that I had is actually my, my first client ever taught me a really enduring lesson about risk and so Alex, you I don't know how old you were when you started doing therapy. I was 23

Alex Murguia 42:11

I just said I actually was never a therapist, therapist. I i liked an empathy gene. I was more of a researcher psychologist. That was more of a research I had to be a clinical psychologist because that, you know, it's just a, you know, that that sort of scientist practitioner, that the only therapy I did, I always focus on assessments, yeah, so I never did hardcore therapy, if you will. It was always assessments and certain behavior interventions. But not necessarily. I would never consider myself a therapist, if you will. I think you're the real deal in that sense. But I just didn't have it in me. Frankly, the

Daniel Crosby 42:46

world, the world is worse for you. Never having Yeah,

Alex Murguia 42:50

I just focus on weed. I have one client, so we're honored in something sessions. Yeah, amazing. So

Daniel Crosby 42:59

my, my first ever client. I'm 23 years old. He walks in and she has six envelopes, and I'm like, What? What is this? You know, oh my gosh, what is this? You know, I'm hoping garden variety, depression or something. And so she comes in, and she's, she's all her life, ever since she was a little girl, wanted to be a physician. She's finishing up school. She's like my age. She's finishing up school. She's applied to medical schools, and she's heard back from them via these these packets, but hasn't been able to bring herself to open them, because she's scared if she opens them, she's going to get bad news, and then this dream that she's been working for for her whole life is going to just crumble, and then, who is she? And so I was admittedly kind of lost at sea for a moment, but you know, for somewhere toward the end of the session, I sort of figure out and say to her, effectively, like, hey, it occurs to me that in your best efforts at

managing risk, you are bringing about the inevitability of the very thing you fear, right? Because if you don't open these envelopes, you are not going to medical school because you gotta, because you got to open them and tell them you're coming, right, like you've got, if you got in, you got to open and accept. So I said, look, the thing you fear the most in the world is not getting into medical school. Guess what? If you keep on this path, you're not getting into medical school. And that was, you know that that worked. And thankfully, she got into most of the schools she applied to. I would have been out of luck if she had gotten bounced from all six. But you know that that worked that day, a real

Alex Murguia 44:41

therapist would look for the thicker envelope and pick that one first for real Yes. Like, let me hold these. Let me and

Daniel Crosby 44:51

I see a lot of people do that. You know, when I was a therapist I saw, I came to term this emotional graying, right? Like. People trying to take the variability out of their lives. And so they would say, like, well, I don't want to be heartbroken, so I'm never going to fall in love and like, if I meet someone, I start to, like, heartbreaks can be hurt, so I'm just going to keep them at arm's length. And I want to be an entrepreneur, but most businesses fail, so I'll never try. Sounds like a self fulfilling thing, yeah. And so I just think of that, that first client of mine so many times, like, the, you know, the thing that we're most afraid of is the thing that we are actualizing or bringing about in our life because of that very fear, you know, if we're, if we're feared of, if we're afraid of, like, you know, being insignificant or not leaving our stamp on the world, a lot of times we never try, and then you don't leave your stamp on the world. So, you know, yeah,

Alex Murguia 45:51

I mentioned earlier, and I use the term appointment in Samara. You familiar with that story? I'm not. It's, I'm gonna butcher. I'm literally doing this up top my head, but it's, there's a merchant's worker that he's in. He's somewhere in, it's like a middle eastern city, I don't know exactly right now, right? And he's shopping in a bazaar, and he sees like the Grim Reaper, right? And green roof is looking at, and he runs off. He just takes off. And he takes a train or whatever, to Samara, right? And, or it's the other way around. He's in Samara, and he takes off somewhere, right? And, and before taking off, he tells the guy, you know, hey, look, I'm out of here. I gotta go. I gotta go. And he goes, actually, he goes to Samara. Now, messing this up, but he goes to Samara to escape the green reefer, the owner, the guy who he works for, catches up with the green Reaper. Said, Hey, you scared my you scared my employee. You scared him to go into Samara. What are you doing, man? And the green people said, Yeah, I know I was I wasn't. I wasn't. I wasn't scaring him. I was just surprised because I was meeting him later today in Samara, right, right, yeah, I mean, and so he self actualized his own demise. I guess again, I butchered the story, because I'm literally doing it on the on the fly, but you get the gist, right?

Wade Pfau 47:15

Yeah, you gotta I just Google the Baghdad was the city, but all the details there. Good job, yeah,

Alex Murguia 47:22

I got it right. Okay, right. That's kind of a cool thing in terms of kind of what you're getting at. You know, you become what you wanted to avoid

Daniel Crosby 47:30

to some extreme, yeah, for sure.

Alex Murguia 47:33

All right. Well, Daniel man, this was great on many levels. Any parting thoughts for books, for folks with regards to your book, because when I read it, I couldn't help but think, look, this is not a financial it works very well, extremely well for the financial concepts and the like. But it's more than just that. It's just a book on almost like life and decisions and just how you should be viewing things and the like. Any parting thoughts for folks when they're thinking about, hey, is this book for me? Yeah,

Daniel Crosby 48:04

you know, my my first, my first two solo books, you know, the laws of wealth and the behavioral investor were really all about getting, you know, maximizing your wealth, getting your portfolio right, getting your behavior right, so that you can, you know, put, put together the best nest egg possible. And that's rewarding, that's important, and you should do it right. But what I began to see is, you know, I got, I think, like, like, everyone on this call, I work elbow to elbow with a lot of people of means, and what I saw was that some of those people were incredibly happy and living meaningful lives, and some of them, despite all the outward trappings of success, where we're not all that happy and had, had left a lot on the table, and you see that, you see that, right? Viktor Frankl, I'm gonna hopefully not mess up the quote, but he said, evermore people today have the means to live, but no meaning to live for and that's what the book is all about. Like, once you've hit that number, right, like once you've arrived at retirement, you've got your financial life squared away, how can you live a life of significance and purpose and happiness and spend that money in the best way possible? So it's only partially a book about money. It's really about money, and meaning,

Alex Murguia 49:19

100% 100% How do you recommend it. What can I say other than thank you for actually bringing about that book. I know it's always a personal accomplishment to say, Hey, look at me. I you know, look what I've done. There's something about that. Wade doesn't ever let me forget that. But no, I think it's a great read and a highly how you recommend any listeners to pick it up? Thank you very much, Daniel. Really appreciate the time you've given us. Yeah,

Daniel Crosby 49:45

thank you both for having me on. It's been great. Yep, thank

Wade Pfau 49:48

you, thanks, Daniel, thanks Alex, and thanks everyone for listening. We'll catch you next time on retirement style, thank

Alex Murguia 49:54

you. Wait. File, PhD, Doctor, you.

Briana Corbin 50:00

Wade and Alex are both principals of McLean Asset Management and retirement researcher. Both are SEC registered investment advisors located in Tysons, Virginia. The opinions

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