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JIM: Why do we make so many investment mistakes? Why do we put off saving for retirement? Why do so many people feel anxious transitioning to retirement? Joining us today on Real Wealth is the author of *The Art of Why,* a book dedicated to helping you understand why you feel the way you do and how you can take advantage of the way we think to get the results that we want. It is with great pleasure that I welcome Steve Luckenbach. Steve, welcome to the show.

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STEVE: Thank you Jim.

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JIM: Hey I’m so glad that you agreed to join us. I saw you a couple of months ago and was really inspired by your talk, and I didn’t even realize it at the time but got a pre-released copy of your book that just came out as a matter of fact the day we’re recording this, September 1, *The Art of Why.* It’s really interesting I’ve had several guests on recently where we talked about how important it is to retire to something not from something, having purpose in life, and just had a guest on recently where he interviewed a lot of centenarians, and one of the keys to their happiness was not having a lot of stress, and I think that comes with having a peace of mind that you have your basis covered. Today, after hearing your talk, you really focus in on more of the whys, the power of why and having that understanding and what goes into that understanding, so I’m just so happy that you’re here to share with us today. Tell us what inspired you to write this book.

1:30

STEVE: Well first off thank you Jim, and I agree with you as it relates to the comments you had about retirement. I heard in the dictionary, I haven’t really looked this up myself, by the definition for retirement is “being put out of service.” I don’t think anyone wants to be put out of service so to speak. I think it’s important that we have that meaning and purpose in our lives and really that answers the question. I got into this because I’ve been in the financial services industry for nearly 30 years myself, and I was very much what and how focused, and I believe our country is largely, our culture is largely what and how, what to do and how to do it. We’re very what and how focused. I’ve come to find in my own personal journey that asking the question why provides much more clarity to what and how. It actually is a guidepost for our what’s and how’s. What we do and how we do it may change and evolve over time, but our why, our meaning, our purpose, our relationships, our values, our character, these are timeless qualities we carry and they can help us if we’re willing to ask that deeper question why we’re doing a certain thing, why we’re here, why what we do matters, those kind of questions.

2:36

JIM: I’ve heard a couple things and one is the two most important dates in your life is the day you’re born and the day you discover why. I also saw a book once, *The Dash*, and the dash is the line between the day you are born and the day you die, and it’s how are you going to spend that dash. I think it’s right on the same lines of all those insights. I see it with my own clients. I have a lot of clients that are retired very happy and a lot of them that are very unhappy, and the ones that are happy they planned toward that retirement, and I think the subject matter that’s in your book, discovering the power of why, having that discovery before you retire can make your retirement so much more meaningful and so much more happy, and retirement, let’s face it, is something that is really transforming. It used to be retirement you get the gold watch and you sit on the porch and wait for life to end, and today it’s not so much retirement as it is transition because we may still be working, we may be volunteering, we may try a new career, there’s so many different possibilities out there that it’s not the old way of retirement, get the gold watch and sit on the porch. Let’s talk about you’ve discovered some three key insights about the brain that I think really adapt quite a bit with understanding when it comes to investing and planning but just life in general. Talk about those three key insights that you discovered. Let’s start with number one, the brain hating uncertainty.

4:02

STEVE: Yes, what I found is that there are real biological reasons why it’s important to ask the question why. This what and how mindset is very habitual, where actually as human beings we have a bias to science. I speak often about the art and science of our lives, the art and science of any given profession. Every human being is a combination of art and science. Our artistic gifts and the art is connected to the heart, think about the word art is found in the word heart, but we tend to have a bias toward the science, our brain does anyway. We like certainty, the brain loves certainty. If you don’t give the brain a conclusion it will often jump to one. The reason for that is that our core fear from which all our fears originate is the fear of death. Uniquely we human beings have to live with that brutal fact, the brutal fact that one day we will physically pass away, and how we cope with that and the choices we make day to day I think determines the quality of our lives. What happens is the brain loves to jump to conclusions, the unknown, even the unknown of tomorrow or next week or next year is really kind of tied to this mortality. I mean it’s certain that we’ll pass away but it’s uncertain when or uncertain how, and we could get into possibility versus probability, it’s not very probable that you’ll pass away tomorrow but it’s certainly possible, and then so much of our lives are geared around knowing where the exits are when you go into a building, making sure we use our turn signals, making sure we eat right, depending where our fears and anxieties are. But it’s particularly problematic when the brain is jumping to conclusion that are herd like. We have a tendency to travel in herds; we’re herd creatures at our core, we believe there’s safety in numbers, so when in doubt we tend to with a herd and that can really be problematic because we’re not thinking for ourselves, we’re tending to just go with that herd, and that herd can also be moving in the wrong direction or the direction certainly that we don’t want to be going into. That’s the first sort of three key insights about the brain I think are very important and really set up why the question why is so important in our lives. One is this fact that the brain just jumps to conclusions and we need to question those conclusions I think to protect ourselves and the things that matter most to us.

6:20

JIM: As you’re talking about that hates uncertainty, I know I was just at a meeting recently where there was a statistic that people live longer that have guaranteed paychecks. People with pension live longer than those that don’t. That plays right in with what you’re talking about the brain hates uncertainty. Yet at the same time we are, and I look at in your book you comment about short-term versus long-term, that we’re focused more on the short-term because that’s certain and the long-term is uncertain. I look at a lot of people that aren’t saving for retirement and I’ve always heard the excuse well I’m not going to live that long, so they’re living for today, they’re not preparing for tomorrow, so what you’re talking about is right on the money with those kind of things. Then what’s really interesting too is there’s planning tools available now that help people with longevity, and because people are more short-term, they’re always looking for today. It’s funny, I’m listening to how you’re talking with my hat of a financial advisor on, and it just really helps explain a lot of human behavior. The other thing is when the market is going up people are buying in record numbers. When the market is going down they’re selling in record numbers, that herd mentality so it’s right on the money. Let’s talk about the brain preferring habits and being on autopilot. What have you discovered with that insight?

7:38

STEVE: Well the source of energy for the brain is glucose, and the rest of the body can run on other sources of energy, but the brain literally runs on glucose. Even though the brain is only about two percent of the body, when we’re consciously thinking it can burn up to twenty-five percent of our fuel. If you think about that from an energy conservation standpoint, if two percent of your body can burn up to twenty-five percent of your fuel, the question is okay well how can we conserve energy. If we have traveled across a great distance by foot just basically function throughout the day, how can we conserve energy. What happened over time is that our brain prefers these habits of thought. Habits don’t require much energy. Usually when we’re getting dressed in the morning, I mean other than deciding what we’re going to wear, we’re not thinking in detail, we can actually be thinking about our day and do those things on autopilot. Habits are very efficient but while they can be empowering, providing that you have empowering habits, we also have a lot of habits that are counterproductive to our goals, they are not ideally what we want, and we have a country that’s very focused on trying to address bad habits, and it really has a lot to do with energy. We have a tendency for example at the end of the day if we haven’t eaten, if we’re tired and exhausted, we’re much more susceptible to bad habits, yet immediately after a meal we have much more energy to think, so you’ll hear this classic line, they’ll say let me think about it later, you could be talking to them about something important, about their future, they start to get exhausted, it’s a lot of mental energy so they’ll say let me think about it later. What they’re really saying is let me think about it later when I have more energy. This habit, this habitual thoughts, habits of thought that come up from childhood can often set up grooves in our lives and have us caught in ruts that we’d rather not be in, so it’s just important to know about them.

9:25

JIM: I’ve heard it said a lot of people when they’re in situations with a high degree of stress, dealing with a sick relative or spouse or other issues, I’ve watched a lot of people in those circumstances just lose a ton of weight. They’re not exercising; they’re not doing anything so that just goes right in line with what you’re saying. They’re thinking about all these issues, these insurmountable issues that are building up and actually I don’t think the doctors would subscribe to that as weight loss but that goes right to your point, thought does require a lot of energy.

9:58

STEVE: It does, and it keeps them up at night and can compound the problem because the more exhausted you get the more incapable you are to think. This is why other people in your life are so important to assist you through these times.

10:10

JIM: We’re going to take a short break. When we come back we’ve discovered a couple of the key insights with the brain and discovering the importance of why and having purpose in your life can be so much more meaningful in your planning, your family relationships. Being the financial planner I’m always tying it into how you can be more successful in realizing your retirement goals, and how some of these things can be a hurdle or it can be a help if you just understand them. Please stay tuned as we continue our discussion with Steve Luckenbach.

10:41

[BREAK]

11:07

JIM: Welcome back as we continue to visit with Steve Luckenbach who is the author of the recent released book *The Art of Why*. He has spoken around the country on this subject and I recently heard him a couple of months ago and was very inspired about his message. As I was listening to him I had a lot of ah-ha moments because in dealing with a lot of clients and even reflecting on my own personal situation it really explained a lot and gave me a deeper understanding of why I was feeling the way I did and why my clients make some of the decisions that they do and why it’s so difficult sometimes helping them with that transition for retirement. Before the break we were talking about some of the key insights with the brain and one is brains hate uncertainty, the other it prefers habits, and then the last one you talked about the built in airbag or protection, the brain is always looking for protection so talk about that a little bit.

12:04

STEVE: Well it occurred to me that an airbag in a modern vehicle is essentially a chemical explosion. If you think about it’s pretty amazing scientifically to think about how you can run into a wall at 50 miles an hour and that bag is going to inflate before you hit the dash. You can imagine how quickly that thing has to inflate so it’s a bit of an explosion. Well in the heat of the moment we have within our own brains, deep within our brains, the older part of our brains, a mechanism similar to that that is primarily focused in the heat of the moment on self-preservation, life preservation. Somebody who is familiar with this component of the brain it’s called the amygdalae. The amygdalae is the source of human fear and rage, and when it senses danger it’s fascinating. When you sense danger the amygdalae when it’s excited within the brain it actually can shut down access to our prefrontal cortex. The cortex is where we store information, it’s where we learn about the dos and don’ts of whatever it is we’re trying to accomplish in life, etc. We have all kinds of information there, we think knowledge will preserve us in the heat of the moment, but frankly if the amygdalae goes off significantly enough it will send massive doses of adrenalin through the body and the sole focus is self-preservation. What people kind of only know is fight, flight, or freeze, in those moments, very similar to a deer on the road on the highway, the moment those headlights are shined in the eyes of the deer the amygdalae within the deer causes that deer to freeze, can’t really think about what to do, can’t make any decisions. A good example might be say you’re coming around the corner or walking down a street and you see a friend of yours that you haven’t seen in a long time coming at you from another direction and you see them before they see you, and you’re like aw and you’re trying to remember their name and you know they’re getting closer, so this is fairly common that amygdalae, the anxiety rises up just enough to keep you from accessing the person’s name that’s probably more of a very simple common occurrence, but it’s a very important function of the brain that I think everybody should know about.

14:09

JIM: I just recently was working with a coach and he talked about that same thing. It’s coming to understanding these things that can help you rise above them or use some of these tools to strengthen things you’re trying to develop. You’ve shared some awesome insight with us today on just understanding the three things in the brain. Now we get back to *The Art of Why*, and what I’d like to talk about, if we understand these feature of our brain and how we want to avoid uncertainty and we’re wired to be more short-term versus long-term, we like to just default into habits and then we have this self-preservation that can actually freeze us from making the right decisions sometimes, so when we put that into the perspective of planning for the future, what is your advice to people if we have an understanding of this, how do they go about setting the course, maybe breaking some bad habits like spending their paycheck before it even clears the bank, how do we break habits of not saving for our future, how do we create some certainty in our lives, what is your advice to people that want to make a change and get on the right path or make sure that they’re on the right path so that when they retire they’re retiring happy.

15:28

STEVE: I’m a huge advocate for partnership. I think this is something most people agree with that together we’re better. One of my favorite lines concerning the importance of an advisor in your life, no matter what that advice might be that you’re seeking, or a coach in your life. It’s difficult to see the picture when you’re in the frame. One of the things you’re referencing in my new book is recalibrating the pleasure center. Our culture has in a lot of ways programmed us to seek immediate gratification, to find pleasure in immediate gratification. There are steps that one can take to sort of find pleasure in paying off ones bills, finding pleasure in delaying gratification like enjoying the delay, the anticipation if you will. Being able to feel good about one’s own self-discipline. One doesn’t have to go that way alone. Choosing someone else to enter into an accountability relationship is so important and saying these are the values that I’d like to live up to and aspire to and would you assist me to do that. As it relates to jumping to conclusions of the brain it’s about slowing down enough to recognize that that can be very habitual. It’s kind of looking at what is everybody else doing in the heat of the moment, do I have to do that as well, am I making the right decision. Even writing out what your disciplined plans are over a period of time and then in the moment that you’re fearful or anxious grabbing a hold of that document and reminding yourself of what you’ve committed yourself to over time. Finally I guess just really that why question, really asking the why question, so you go to, in fact I just had this happen to me yesterday, I needed a new travel bag, I speak all over the country and my garment bag I had worn out essentially and I had two bags to choose from. One was much more expensive and I just simply said, and it was very sharp, it was a good looking bag, but I thought to myself you know why, why would I spend that much more money for that bag and it resided in ego frankly because it looked sharp, it looked nice, but it wasn’t any more functional than the less expensive bag. I got a great deal of pleasure out of choosing the less expensive bag. If I can recalibrate my pleasure center to feeling good about making the right decisions, and I use the question why to achieve that, that’s why the book’s titled *The Art of Why,* developing that art within your lives can really guide you and again partnering with another to assist you. That’s a big question you asked, hopefully that’s a sufficient answer.

17:50

JIM: I think this has been awesome, and I would highly recommend, I’ve read the book myself, and it’s interesting because you can go on the internet and you can learn about anything but you don’t get the wisdom. Your book is full of wisdom, it’s full of the facts and figures that you can get on the internet but it’s also filled with the wisdom of how to empower yourself. I’ve had some top guests from around the country that I consider financial gurus, they all go to their own financial advisor, they don’t do it themselves, and they’ve got access to more information then probably I do and they work with somebody like me. I even look at for myself, I help businesses get started, I do business planning, I do all this type of planning for my clients, after many years I decided you know what I need a board of directors and it’s made up of other business owners to give me insights, but more so than the insights it’s like you said, when you paused to reflect on yourself you’re going to just put that in the best light, you may not be as critical as you should be, and you have a tenancy to maybe second guess or maybe brush things under the table, but you have people to keep you accountable, that just goes a million miles. Don’t go it alone, have a team around you, whatever you want to accomplish, and your book is going to be available right on the Real Wealth website, people can order it if they like, otherwise, do you have other materials too?

19:11

STEVE: I have a website, steveluckenbach.com or you could just type in *The Art of Why* by Steve Luckenbach. Resource materials, recommended readings, there is a plethora of things there to assist anyone who is committed to becoming more through partnership and reading so I’d love to support their effort.

19:33

JIM: I’ve got to give you credit because I know you have a day job and this is your passion project, and like I said I’ve heard you speak and for any of you that have a church group or a business group this is a subject matter that transcends the financial service industry, so if you’re looking for a speaker I’d highly recommend Steve, this was great, and I appreciate you taking the time to visit with us today.

19:55

STEVE: It’s been my pleasure, thank you for inviting me.

19:57

JIM: Thanks for joining us this week. Tune in again next week as we explore another phase of the Real Wealth process. Remember, if anything you heard in today’s show you’d like to get more information about, contact your Real Wealth advisor. Also, if you feel that any of this information would be helpful to a friend or family member just click the forward to a friend button.