

EPISODE 1736**[0:00:00.4]**

FT: So money episode 1736. The psychology of wealth, money, meaning, and mental well-being with Dr. Daniel Crosby.

[INTRODUCTION]**[0:00:08.9]**

ANNOUNCER: You're listening to Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[0:00:35.9]

DC: When you look at the Harvard study on what brings joy in life. Like, no surprise, their number one finding is, "It's relationships, dummy" right? You know, like, we all know this, and yet, we sort of deprioritize them sometimes but you know, as a married guy with three kids, relationships are hard and they're messy and sometimes your teenager says you're stupid and money is easy.

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FT: It doesn't talk back to you.

[0:01:05.5]

DC: Money is easy, right? You can stock it, you can count it, you can invest it, you know how to get more of it. Nobody will give you a hard time, like, if you're – if you're working and striving for more of it, nobody questions that motive.

[0:01:19.3]

FT: Welcome back to So Money, everybody. I'm thrilled to be sitting down with one of my favorite money experts, someone who has spent his career at the intersection of psychology and finance, helping us to understand how our minds influence our money decisions. He is Dr. Daniel Crosby, a psychologist, behavioral finance expert, and New York Times bestselling author.

His works include *The Loss of Wealth* and *The Behavioral Investor*, which has transformed how we think about investing, shedding light on the emotional and cognitive biases that often shape our financial behavior, and today, he has a new book out, it's called, *The Soul of Wealth: 50 Reflections on Money and Meaning*. The book challenges the conventional approach to wealth by diving into its emotional dimensions, how financial well-being is not just about accumulation, but also about aligning money with personal values and meaning.

Here is Dr. Daniel Crosby.

[EPISODE]

[0:02:13.7]

FT: Daniel Crosby, Dr. Daniel Crosby, welcome back to So Money. I am so happy to have you here. You're one of my favorite financial experts, favorite So Money guest, and we have a new book to celebrate, congratulations on the release of *The Soul of Wealth: 50 Reflections on Money and Meaning*. I can't wait to dive in but first, just thanks for being here.

[0:02:36.7]

DC: No, my pleasure and only another author knows what a glorious day it is when you release a book. So, thank you.

[0:02:42.6]

FT: Yeah. Yes, simpatico. I was looking to see how long it's been since your last book and it's been – how many? Six years?

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DC: Yeah, six years.

[0:02:54.1]

FT: Did you need a break? Because I feel like I took about nine years off, I needed – the PTSD for – was quite long for me.

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DC: I wrote three, but I wrote three books and I think, four years.

[0:03:06.0]

FT: Woah.

[0:03:07.1]

DC: And you know, I'm proud of those works but I just needed a minute, you know? I needed a minute and frankly, I needed a minute to have some bold new ideas. I love my readers, I don't want to waste their time or their money, and I didn't want to set something out in the world that was going to be a halfway project. So, it took me that long to have a good new idea, I'm not sure what that says about me.

[0:03:31.8]

FT: I appreciate that, and I can relate a little bit because I feel like you're do – you already do so much work, you're already putting so much of your ideas out there. Where do you see your book sort of moving the conversation forward in the world of money? What did you want this book to offer readers and the change of view that you thought was necessary when it came to wealth and ideas around wealth?

[0:03:57.0]

DC: Yeah, I mean, the good news, bad news scenario here is that we currently live in the wealthiest civilization of all time. I mean, we are the most globally prosperous civilization of all time. We have – we're now – as a world creating enough calories for every person to be well-fed. During the founding of this country, 85% of the world was living on what today would be less than two dollars a day.

Today, that number is around 8%, so we made incredible stories with a more middle-class globe, and yet, even in this peaceful, prosperous time that we live in, people are profoundly unhappy. So, you know, the psychiatrist Victor Frankl said that “Evermore, people have the means to live, but no meaning to live for.” And that's what this book is all about. You know, my previous books were sort of technical, you know?

How do you chase a stock? How do you stay out of your own way, how do you keep your behavior from sort of thwarting your best efforts at creating a financial life? This assumes you have got sort of the blocking and tackling in order, and says, “Well now, now that we've got that base of Maslow's hierarchy covered, how can we worry about things like friendship and connection and love and meaning and purpose and contentment?”

So, we're trying to move the conversation up a little bit beyond budgeting and investing and towards fulfillment and meaning.

[0:05:32.2]

FT: Are we really better off? I feel like, the struggle is really real for so many Americans right now, even as the cost of – even as our wages have gone up, the cost of living has gone up. You know, we have inflation sort of under control but compared to four years ago, inflation may have stabilized, you know? Like, food prices are still up, people are saying, “You know, my parents who were middle-class had more than I, technically making more than them.”

So, I just want to get more of that from you and get us to understanding and our head wrapped around just how “well-off” we are, compared to previous times.

[0:06:08.0]

DC: Yeah, well, as a globe, we’re definitely, I’m going to Zoom out a little bit, like as a world, there is no question that we, as a human family, are better off than we have ever been. If we want to talk about probably the average listener of this podcast, you know, middle class, upper middle class, largely American listeners of this podcast, I assume.

[0:06:32.2]

FT: Yes.

[0:06:33.3]

DC: Yes, I mean, there’s been some variability in the last two or three years but none of it is so great that I think it would negate what I’m talking about here, we’re a lot better than we were in the 50s, 60s, 70s, 80s, we have more free time, we have more discretionary wealth. We have more purchasing power and nobody seems to realize that, I think. I think the common narrative is certainly not that, and you know, the other thing that I would say is we’re well-off in some ways, but deeply impoverished in others.

Like, in some ways, yes, we’re more financially affluent than we’ve ever been as a globe but then if you look at things like loneliness, Gen X, Gen X, which is my generation, and younger, most people say that they are lonely, and when you look at the fall out from social isolation and

loneliness, you know, we see that it's the health equivalent of smoking 15 cigarettes a day, it's twice as lethal as obesity.

So, yeah, we're – we are as a globe doing well, we're more prosperous than ever before as a globe, but we're also disconnected and more searching, I think, in a way.

[0:07:57.3]

FT: Yeah, and so by *The Soul of Wealth*, what is the meaning behind that?

[0:08:03.4]

DC: Yeah, a lot of times we talk about wealth in a really two-dimensional way. We talk about it as you know, dollars and cents, and there's an ease to that conversation. It's certainly easy to count, stack, you know, enumerate how much wealth you have if you're thinking about it in this two-dimensional way, and it's even pretty easy to think about how to get more of it but if we zoom out again, a little bit, we see that real wealth, this wholistic wealth is about a lot more than that.

And we also see from some of the retirement literature that people who are overconcentrated on that number and ignoring things like self-improvement, meaning, growth, relationships, health, and even deep work, people that are ignoring these sort of other dimensions of wealth find themselves in a really bad spot. Like, they've been so fixated on hitting that number that they retire with that number, securely in check and you know, congratulations but there's a lot that's missing. So, the conversation around wealth has been pretty flat, I would say, and I'm just –

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FT: Tunnel visioned, yeah.

[0:09:25.5]

DC: Yeah, for sure, tunnel vision.

[0:09:28.2]

FT: Where does that come from? I'm thinking of people in my life that have this tunnel vision. I think that what's behind it or under it is a level of fear, the fear of scarcity. If in an ideal world, we have a balance where our wealth is supporting our emotional and our practical needs, how do we reconcile that relationship that we have with money that is so emotionally broken? I mean, to do what you're saying, right?

They require some sort of like, awareness, and commitment, to using some of your money as a resource to fuel sort of these other aspects of your life, which I agree, they're more important than you know, sort of hitting a certain figure on a balance sheet. Why do we have this tunnel vision? And then, second question, what are some of the ways to wrestle gently with these emotional hurdles that we have with the broken relationship with the idea of wealth essentially?

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DC: Yeah, I think, there's a few reasons why. You know, to answer your first question, why do we get so fixated on money as on to itself, the first reason is that there is an entire – there is an entire marketing industrial complex that is wired to make us believe that this is the case, right? That buying a new Mercedes or buying a purse or drinking this brand of beer is the thing that's going to give us contentment.

I'm from Atlanta, and if you ever come to Atlanta and you go to the Coke Museum there, that Coke has this whole, like, museum in downtown Atlanta, and when you go through, it's got a history of Coke's advertising, you know, arguably the greatest brand on earth, telling you that not that their soda is delicious but that Coca-Cola, it's just wrapping it in Santa Claus and the American flag and happiness and contentment and family.

Like, we have been sold hundreds of times a day on the idea that being inquisitive, having more money is sort of the golden road to happiness, contentment, and a good life. I mean, there is –

[0:11:44.2]

FT: And success. We want to feel successful, right?

[0:11:48.1]

DC: Yeah, there's a big machine that wants us to feel that way, and then the other reason is it's just clean, you know? I mean, a lot of these other things, you know, you think about relationships, when you look at the Harvard longitudinal study on what brings joy in life, like, no surprise, their number one finding is, "It's relationships, dummy" right? You know, like, we all know this, and yet, we sort of deprioritize them sometimes.

But you know, as a married guy with three kids, relationships are hard, and they're messy and sometimes your teenager says you're stupid and you know, money is easy.

[0:12:26.9]

FT: It doesn't talk back to you.

[0:12:29.3]

DC: Money is easy, right? You can stock it, you can count it, you can invest it, you know how to get more of it. Nobody will give you a hard time, like, if you're – if you're working and striving for more of it, nobody questions that motive, and it's easy to showcase, right? If I could get more money, I can buy a better car, I can get a better watch, a better house. If I deepen my relationship with my eight-year-old, no one's the wiser and so, it's easy to measure, it's easy to showcase, and I think that's a big reason why we sort of focus on it too much.

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FT: And so, how do we disentangle ourselves from this very, I think, limiting, right? Relationship with money and the idea of wealth and what it can actually do for us. This can get into a lot of behavioral psychology work. Your work is phenomenal in this area and I'm sure it shows up in

your newest book, it has to, right? *The Soul of Wealth*. We have to get into the psychology of money.

And so, what are some of your top tips for people who want – who say, “Yup, that’s me, everything you just said explains how I relate to money.” It’s easy to measure, I want the easy win but how do I get deeper and use my money for more emotional benefit?

[0:13:53.3]

DC: Yeah. So, I think you began to touch on it there is, not many people are currently saying “That’s me.” Because nobody is going to give you a hard time for working too much. You know, people who make lots of money, people who work 80 hours a week, that’s deeply consistent with sort of our broader culture and our notion of the good life, and so it’s not as though, you can have a problem with that and it’s not like you have a drug problem or an infidelity problem or something, where people are going to judge you for it.

You’re going to get patted on the back for this thing that really could be bad for you and bad for your life. So, you have to learn to realize that you have a problem and as I’ve started studying money scripts in the past few years, one of the things that I know for sure is that we all have these scripts but just the same way that a fish doesn’t know that it’s wet, we are largely unaware of them because they are a product of the family we grew up in, the culture we grew up in, and we are swimming in a sea of, “This is good for me.”

So, I think you have to start to recognize in yourself that you know, things could be otherwise. I think then, you need a definition of wealth that’s bigger than money, and then in the book, *The Soul of Wealth*, I introduce a couple. You know, I touched on one earlier based on some of the positive psychology work. You know, part of it is abundance and leisure, right? Like, that’s money, right?

Money can buy you abundance, it can buy you leisure, it can buy you comfort, that’s nice, I like all those things but then you have to start looking at other forms of wealth like your health, the quality of your relationships. You know, your relationship with something bigger, whether that’s

religion, spirituality, charitable giving, volunteerism, you know, that's something that the human family needs.

We need achievement and advancement, we need to be growing every day. So, I lay out in a couple of different chapters, some new models for thinking about wealth and get people tips for pursuing those because you know, we were currently pursuing one dimension of call it, six, and we're not very happy for it but nobody's calling us on our nonsense because it's so deeply resonant and consistent with our broader culture.

[0:16:32.1]

FT: Coming up, Dr. Crosby will talk more about the actual money moves we can make for more happiness. Money can buy happiness but you have to use it in the right ways. More after this break.

[BREAK]

[0:16:42.1]

FT: I've looked at some of this research largely thanks to you who've you've introduced a lot of this bodywork to me in terms of the science and the psychology behind things that we can do with our money that may not seem very rewarding or we don't think are as sort of like giving us the same dopamine hit as like shopping but charitable giving, investing in memories, relationships.

Talk a little bit about what the data shows in terms of how that does correlate to happiness, which is at the end of the day, we're all striving for more of.

[0:17:13.4]

DC: Yeah. Yeah, you mentioned maybe the biggest one that people miss operate in is whether you'll get more utility out of giving money away versus spending it on yourself. In surveys, when they ask people, "Hey, I'm going to give you a hundred dollars. You know, will it make you

happier to bless someone else's life or to buy yourself something with these hundred dollars?" And better than 90% of people say, "I'd be happier if I spend it on myself."

And then when they have that payout experimentally, better than 90% of people are happier when they give it away, right? So, it's exactly inverted almost. We completely misapprehend the power of being generous and philanthropic and charitable with our money. So, that's one of the most reliable ways that money can buy you happiness. Another one, this one I like because there's some nuance to it.

You know, I think there's this kind of like old saws about money doesn't buy happiness and stuff but that's not quite true. If you buy a car, okay? If you buy a fancy car, most of the time that doesn't buy you much happiness. The happiness bump of buying a fancy car is very fleeting because of something called habituation like we just get used to stuff very fast. You know, pretty soon, you know that shiny new red car that was so magical for the first two weeks, you know now, you've got some coffee stains in the cup holder.

And now, you got, you know grass on the seats and it's just, like it just quickly becomes the thing that gets you to the grocery store and not this special thing.

[0:19:01.6]

FT: Right.

[0:19:02.3]

DC: Unless that car gets you access to relationships. They find that people who buy a fancy car to join a car club get a great deal of happiness out of buying. So, if you, you know, if you join the Porsche Club of Atlanta or whatever, yes, you probably will get a great deal of happiness and kinship out of that. If you buy a Porsche to stunt on your neighbor or to show off to your, you know, to show off to your brother-in-law, it's probably not going to buy you any happiness.

So, is it bringing you access to something larger? You know, I've got – you can't see them but I've got a couple of nice guitars over here on the wall. The guitars are much better than I am at

playing them, right? They're too nice for my level of skill and yet, it gets me time with my kids who play instruments, right? And it helps me have family time and we got a little band room set up over there and so yeah, do I need those guitars?

Not really but it gives me an excuse to connect with kids who are into music, right? We also know that happiness can be bought by getting out of stuff you hate, right? I will never mow my lawn again, God willing. Like, it's too hot, it's nasty, I hate it, and truly it buys me happiness to let some high school kid do that and let me have that time to be with my work and my family. So, you know, newness, experiences, travel, getting out of stuff we hate, getting access to relationships, all these things buy us happiness, most of all, being generous.

[0:20:52.8]

FT: I want to go back to something you said earlier about the fish, I love that analogy. You actually tweeted about this. I was going to bring it up but you brought it up, "A fish doesn't know that it's wet, your money is the same way." You're right, it will never become apparent to you until you encounter others and get out in the world and that's what I wanted to just have you elaborate on a little bit.

Recognizing that you may have some work to do or some changes to make with your relationship with money requires an awareness but how you get that awareness, Daniel, is you encourage people to sort of get out there and get out of their school or you know, if we're talking about fish or their community because often, it's just an echo chamber, right? So, how do we actually do that, like practically speaking?

Do we – I live in a town where there's a spectrum of socioeconomic families, I intentionally want to live in a town like this so that my kids can see people who have much less, people who have much more. I think that's important for them to see. I know other families disagree with that, they want to leave this town because they're worried their kids are going to – they're exposing themselves to people who have too much money.

They're worried about that influence and I go, "Well, look, someone is always going to have more than you, you know?" It's about what you're teaching at home and the conversations

you're having at home and I think I grew up in a neighborhood in Philadelphia that was – I was definitely on the lower end of the economic pole than my classmates but you know what? It was incredible to see wealthy people living their lives and deciding for myself from witnessing their lives what I wanted to take from that.

You know, what lessons I was taking from that to apply to my own, to my own future. I saw potential, I saw how to actually like get rich, and that wasn't something that I had necessarily gotten so close to until we moved to this particular neighborhood outside the suburbs of Philly, in the suburbs of Philly. So, I don't know, I'm just curious on your thoughts on like sort of how to actually get closer to a community or getting to witness people who are outside of your fishpond.

[0:23:01.4]

DC: Yeah, this brings me to mind of two things. One of the chapters in the book, there's 50 chapters in the book. They're each about four or five pages long, it's sort of 50 essays but one of them talks about how comparison is the thief of joy and if we look across this socioeconomic spectrum, right? If you think from very low levels to very high levels of socioeconomic wealth, we find that people in the middle are the happiest.

The people who are dead up in the middle because they're able to make robust references, they have a robust reference class, they can look out in the world and go, "Oh, some people have much less than me. I can be thankful that I have."

[0:23:47.0]

FT: Right.

[0:23:47.3]

DC: What I have and, "Oh, some people have much more than me. I wonder how I can get that?" People who are very poor tend to look up with a great deal of jealousy, we found in the research, and people who are very rich tend to look universally down with a great deal of disdain, and so there is a lot of power in surrounding yourself from just happiness and a

contentment perspective from surrounding yourself with a social group and a neighborhood and a church or whatever, that is of a mix and varied socioeconomic background.

There's a ton of data to suggest Farnoosh, that what you're doing is very good. With respect to the tweet itself, that was an idea. I mean, this, the tweet came from a very specific thing. It was research I did, I interviewed over 400 couples about what they thought about when they fought about money and I talk about this in the book a bit and the number one thing that couples fought about was whether the best use case for money was to enjoy today or to secure against an uncertain tomorrow.

And if you think about those two things, they're both important, right? Like, they're both important but we tend to grow up in cultures and families where one is emphasized a great deal more than the other, and it's almost 50/50, right? In my family of origin, my dad is a financial advisor, we were certainly in the "save for tomorrow" camp. My wife is in the same camp and so, the only way we're going to achieve the balance that we need because, along that continuum, you want to be in the middle.

Like, you want to have a solid mix of using your wealth to create moments and experiences of joy, in the here and now, and savor a moment, and you also want to setting aside for a rainy day. A lot of times, we have highly polarized opinions and we don't even realize that we have them until we encounter someone else who has a different way of moving through the world. Oftentimes, that's when we get married or move in with a romantic partner.

Very commonly, that's where those preferences get highlighted because again, you don't even know that you had the preference until you meet that special someone and they feel differently. You know, last thing here, Carl Jung has this quote, he says, "Until you make the unconscious, conscious, it will direct your life and you will call it fate." And a lot of people are moving through their financial lives that way unaware of their ideas and attitudes and preferences and just thinking, "Well, this is the way it is and I can't do any differently."

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FT: You know, I was surprised by that 50/50 stat. I would have been – I would put my money on the majority of Americans are prone to using their money for their needs today and more inclined to do that and feeling more secure in doing that because if you look at other studies that show that so few Americans have even enough for what is it? Like, a USD 400 emergency, we have the biggest consumer debt crisis we've had, ever, historically.

So, a lot of people, obviously, living with some debt, a lot of debt. I'm curious if you're seeing that division change over time, or is that still – still true?

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DC: Yeah, I should – I should probably clarify there, this is their preferences, like, in a perfect –

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FT: Ah, preferences.

[0:27:44.1]

DC: Yeah, preference in a perfect world. I mean, there's – there's no doubt that the majority of Americans be it through low earning potential or through overspending are sort of check to check. I mean, that's well established but you know, this is, this is sort of ideological preferences and there's those two camps there but yeah, which is – looks pretty different than how it actually plays out dollars and cents wise.

[0:28:12.8]

FT: So, you have three kids, I have two kids, a lot of our listeners have families, they have dependents and we want to embrace our kids with some good financial principles. What are some of the ways that we can model what you teach in your book to our kids and help the next generation have I don't want to say easier, but just a smoother ride when it comes to valuing, let's just say, putting their future needs ahead of their immediate needs.

[0:28:43.0]

DC: Yeah. I think, modeling, you know, you used the word “modeling” and I think that is the operative word. You know, any parent can attest that the way you act is a great deal more powerful than the things you say. So, you know, the way you act is really everything. So, I think that’s to be a good example is first and foremost. The second thing I would say is to bring kids in on conversations about money.

You know, I was looking – I really like shoes, I was looking at shoes the other day and my son came into my office where I was you know, on online browsing some shoes, and he was like, I can’t remember how much they cost, 200 bucks or whatever, you know? 200 bucks, and he said, “Oh, 200 bucks, not – that’s not bad.” And I was like, “No, that’s – that’s very bad.” Like – and so, I sort of had to break it –

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FT: How old is your son?

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DC: He’s 10.

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FT: Okay, yeah, my son’s 10, yeah, they don’t have a frame of reference of like, what is expensive, yeah.

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DC: Yeah. So, I said, “Hey, you know, like, look, let’s say, the average American makes whatever, USD 60,000 a year, whatever the number is, right? USD 60,000 a year, okay? So, that breaks down to an average hourly rate of 30 bucks an hour. So, you know, 30 bucks an hour, you take out taxes, you know, would you work, standing on your feet at a hot,

uncomfortable job for nine hours or what do you know, whatever the exact math is to buy this pair of Air Max's?"

And he's like, "Oh." You know, because it's – it's really just becomes divorced I think in kid's minds and there's so much shame and so much secrecy around money that I think the blocking and tackling of it gets really divorced in their mind from sort of the every day. So, I think, looking for those organic, those natural teaching experiences, which are everywhere, if you start looking for them, right?

When you're talking about, with your spouse, you're talking about your 401(k) with your spouse, bring your kids in, right? When you're talking about the budget, bring your kids in. When you're at the grocery store and bread cost 25% more than it did two years ago, bring the kids in. You know, I think when you start to look for organic teaching experiences around money, money touches every single part of our lives.

And so, you don't have to do this, like big sit down, birds and the bees like, one-off money conversation with them that they'll forget the next day. You just make it part of that running dialog, looking for natural teaching experiences, and reducing the shame in the process. I think that's really how you do it.

[0:31:37.0]

FT: Thank you so much, Dr. Daniel Crosby, this has been such a great half hour with you. I wish we had more time but I want everyone to also check out your new book, *The Soul of Wealth: 50 Reflections on Money and Meaning*, out just this week, we're releasing this a day after it came out. I also just want to say, I love how you chose to write essays. I think it's so refreshing to have financial books that don't sort of follow the, you know, the standard, you know, "How to" chapter one, chapter two, that you illustrate a lot of your points through storytelling, which at the end of the day, I think is so much more accessible, especially when we're talking about money, which is taboo. So, bravo on that.

[0:32:19.6]

DC: Thank you. Thank you, it's been a joy to be with you.

[END OF INTERVIEW]

[0:32:24.4]

FT: Thanks so much to Dr. Crosby for joining us. His book is called, *The Soul of Wealth: 50 Reflections on Money and Meaning*. If you're enjoying this show, please leave a review, subscribe, tell a friend, and I hope you'll join us back here on Friday for a fresh episode of Ask Farnoosh. You can still send me in your questions for that episode. Just go to SoMoneyPodcast.com, click on "Ask Farnoosh," and send your question there. You can also direct message me on Instagram @Farnoosh Torabi. Thanks for tuning in, and I hope your day is So Money.

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