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## ***InFocus* November 2017—The Value of Behavioral Economics**

**Intro:** A spotlight was shone on behavioral economics in October when one of its leading advocates, **Richard Thaler**, was awarded the Nobel prize for economics for his pioneering work in the field. *The Economist* succinctly summarized the importance of Thaler's work by writing, "The world, and the field of economics, is better for his contributions."

What is behavioral economics? *Psychology Today* says it "blends insights of psychology and economics, and provides some valuable insights that individuals are not behaving in their own best interests. Behavioral economics provides a framework to understand when and how people make errors. Lessons from behavioral economics can be used to create environments that nudge people toward wiser decisions and healthier lives."

This month's *InFocus* shares a collection of resources and insights about how we behave when it comes to our money.

### **HOW THE FINANCIAL INDUSTRY'S SHUNNING OF EMOTIONS FAILS ITS CLIENTS**

**Tim Maurer** says one of his heroes is Thaler because of how he has so profoundly boosted the prominence of behavioral economics. Maurer, the director of personal finance for the BAM ALLIANCE, writes, "I believe that the realm of behavioral economics -- and behavioral science more broadly -- can and should reframe the way we look at our interaction with money, personally and institutionally, as well as the business of financial advice."

Maurer takes a deep dive into behavioral economics in [this article](#), looking at how it is put into play, how it can be misused and what financial planning looks like when it's done right. He also shares this revelation when it comes behavioral economics: Emotions don't have to be the problem and may be the solution.

### **RESOURCES TO HELP YOU MAKE BETTER SENSE OF LIFE**

Noted educator, author and speaker **Dan Ariely** has also devoted his career to behavioral economics. [His website](#) features a wealth of resources that are designed to help you make better decisions and gain a better sense of a life that often is pulling you in myriad directions. Among these resources: the Pocket Ariely app, which offers recommendations for interesting reads, videos and podcasts and allows you to play brain-challenging games.

> **RELATED:** Ariely recommends [five books](#) on behavioral economics to help us maximize ourselves.

## TALKING BEHAVIORAL ECONOMICS

Behavioral economics is one of the **top categories** of the popular TED Talks series, as some of the leaders in the field -- psychologists, mathematicians, economists and authors alike -- share their thoughts on everything from how the brain works to how decisions are made. The TED Talks behavioral economics playlist is divided into three categories. Find a talk that speaks to you:

- **Our brains: predictably irrational**
- **What makes you happy?**
- **The economy of trust**