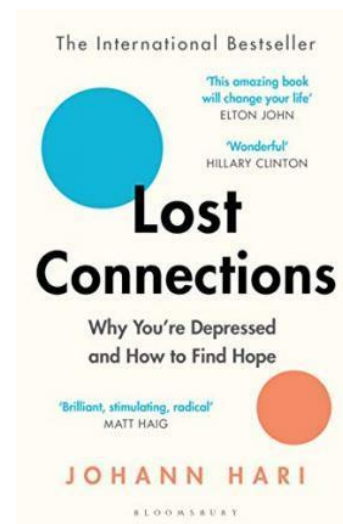


The book that made me grateful for what I do as a profession (part four)

This week I will address Johann Hari's fourth cause "*Disconnection from childhood trauma*".

The eight causes Hari uncovered are:

1. Disconnection from meaningful work
2. Disconnection from other people
3. Disconnection from meaningful values
4. Disconnection from childhood trauma
5. Disconnection from status and respect
6. Disconnection from the natural world
7. Disconnection from a hopeful and secure future
8. The role of genes and brain changes



4. Disconnection from childhood trauma

"When a house is burning down the problem is not the fire. It's the smoke". Johann Hari (2019)

The word trauma may be a bit strong in this context, however what we experience in our childhood is often reflected in the way we behave as adults.

Some people are brought up to believe that making money is capitalism and is somehow evil. They tend to sabotage any chance of getting ahead in life, typically by not being disciplined enough to forgo consumption today, so there will be a wealthier tomorrow.

You will find that the skilled financial planner will be able to identify wealth destructive beliefs and behaviour and manage the client through them.

At the start of Covid, the Australian Share Market dropped to around 35% from its peak. I had a client who was particularly concerned about losing all his money because as a child he had witnessed his parents going broke when their small business failed. He asked me to liquidate his entire portfolio (worth around \$1,000,000). I have known this client for a number of years and knew that there would be no benefit in going against his will. I did however convince him that we should leave a small amount of his wealth in the stock market.

By the time we had sold down his balanced portfolio, it was down to around \$850,000. My challenge was now to get my client back into the market. This is where tertiary education comes into play. Having recently completed a Masters of Financial Planning, I was familiar with all the biases that are covered in the Behaviour Finance unit (big shout out to my great lecturer Dr Tracey West). By acknowledging and explaining biases such as confirmation,

control, and conservatism, I managed to slowly persuade my client to get back into the market, the outcome being he lost nothing!

While assisting our client to get over a bias that I believe came from his childhood experiences (Hari's 4th cause) it also put meaning into what we do as financial planners, which was to address causes 1 and 5, and in doing so continue a successful journey to a hopeful and secure future (cause 7).