

Energy TV Presents: This Month's Feature Article From Investors Group Financial Guru Shafik Hirani: **The Psychology of Wealth Creation**

Every Journey begins with a first step. The journey towards wealth attainment is no different. But the path may not be the route you think.

Too many people still tragically associate money with evil and greed. It is a negative mindset that we must break. Studies have shown that increased wealth leads to increased health, reduced stress, better relationships, and increased longevity.

While there are many answers to "How do I create wealth?" most are *external* solutions. It's such a common mistake that most advisors buy into. I am not refuting these ideas, but let me postulate another option. Allow me to shed some light on an alternative method; and the answer will shock you – *Look within yourself.*

The subject matter of the psychology of wealth creation is just coming into mainstream. I am going to touch some of the basics.

Step #1: Make a Paradigm Shift

The journey to making a quantum leap in your mind set starts with awareness. We all have highly guarded gates of change that can only be opened from within. You must open towards making a paradigm shift in your attitude towards attaining wealth. The primary paradigm starts with realizing that we are not as self-aware as our fragile ego tells us and then breaking our self-imposed "limiting beliefs" towards wealth attainment.

Psychologist Carl Jung argued that people are motivated by 2 basic principals – *pain* and *pleasure*. When people do not work "away" from something, such as being obese or poor, their lack of motivation is based on fear. This "fear-factor" serves to cease action, inhibiting us from working towards the goal. Why? - Because pain is reduced when we are in our *comfort threshold* – unless, the pain can be overcome by a mental paradigm shift. Beware... breaking "limiting beliefs" is not easy. Many of these beliefs are deeply engrained through years of reinforcement.

Step #2: Begin with the End

Everyone starts off at point A. (Present Day). We work our way through life towards Point B (That hazy picture of retirement that we strive for). Many of us do things correctly. We pay down non-deductible debts, we maximize our RRSPs, and we buy property. Yet 90% of people fall short of their retirement goals. 90% of people end up middle class. Why? I have always maintained it is because we have been "classically conditioned" with the wrong psychology towards wealth attainment.

A Note on Traditional Goal Setting:

The second most important psychological factor in attaining wealth involves where you start. You MUST start at point B. Then work backwards. This is difficult as the conscious mind thinks very linearly and chronologically. Pythagoras taught us that the shortest distance between 2 points is a straight line. How do you do this? Calculate point B. (What age will you retire? What will your expenses be? How long will you live?). But simple quantification of point B is not enough. Most financial advisors stop there. Many personal coaches teach us to set SMART goals. Goals that are specific, measurable, time based... That is good, but it is not the whole story. You must clearly visualize and define your retirement. See it, hear it and feel it. That will create subconscious *anchors* that transcend the conscious mind. The subconscious mind is the untapped beast that must be better understood. The key to wealth is tapping into the subconscious mind. Once this is accomplished, then a list of actions towards the goal must be defined and taken.

Step #3: Be Proactive

What is the #1 killer prohibiting people from attaining wealth? In studies of affluent business owners, the 2 primary keys were "initiative" and "imagination". The decision not to take action is the cancer of wealth attainment. Again, let us look deeper into our psyche for a better explanation. The brain has 2 hemispheres, a left brain and a right brain.

The left brain aids in math, logic, reading, analysis, questioning. It is coined the rational side.

The right brain is more imaginative. It can read body language, have gut feelings and most importantly, make decisions! The right brain is so misunderstood it is a tragedy. Our whole lives we have glorified the left side as being more developed. If you got higher grades in Math and English, you were considered more intelligent, but no reward system was established for imagination, humility, gratitude, empathy and intuition. Studies are starting to realize that IQ is a less important factor of success, and EQ (Emotional Quotient) is a far greater predictor of success.

The left side inhibits us from making decisions. It cannot adequately analyze investments and gets caught in a sort-of feedback loop (Paralysis by Analysis). This indecision kills us. Want to attain wealth? Be more proactive, make decisions and don't be afraid to trust your intuition. Don't be afraid to make mistakes.

Step #4: Seek Help

Even Tiger Woods has a coach. Hopefully by now you may have heard the term "Work with an advisor". I believe this to be beneficial in avoiding poverty in the majority of cases. But in attaining wealth, I believe that some advisors can actually hurt your chances and it is not by poor investment selection or lack of due diligence. It's because they suffer from the same classical conditioning that the masses do.

The trends indicate more and more Canadians are seeking professional financial advice. Studies have shown that time and time again people that use the services of a financial advisor have a 34% increase in their net worth, and retire on average 5.6 years earlier.

But my point is not work with any advisor. It is work with an excellent advisor. What is the difference? Some advisors overuse numbers and analysis. This subconsciously appeals to your left brain which causes indecision. The excellent advisor knows how to listen to you with humility and respect for your goals. Then, the excellent advisor can guide you into a mindset of decision making, paradigm shifts, beginning with the end in mind, while at the same time doing his/her due diligence from a portfolio and financial planning process. A top advisor realizes the value of wealth creation is internal to you. And he/she can bring that out in you. Top advisors realize that the recipe to wealth attainment is 1 part Science and 2 parts Art. But advisors can only point and hope you look.

Shafik Hirani is ranked as the #1 Financial Advisor for Investors Group in Canada. Logging more than 100 speaking engagements per year, he is often called upon by the media as an authority on financial matters.

Shafik's team is responsible for active management of over \$250M in private client investments. For more information on this topic or other related items, contact Shafik at 253-4840 or email:

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