**Book: The Psychology of Money: Timeless Lesson on Wealth, Greed, and Happiness**

**Author: Morgan Housel**

Summary

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Introduction

Housel argues that the traditionally quantitative lens of finance lacks the qualitative side, like psychology – with “emotions and nuance”. He points out that you don’t need to study interest rates or economics to understand why people bury themselves in debt – or why investors sell at the bottom of a bear market. If investors acted rationally, they wouldn’t sell at the bottom of a bear market or let lifestyle creep catch up to them. He paints a brutal picture, “you need to think about the agony of looking at your family and wondering if your investments are imperilling their future”.

He tells us the story of Ronald James Read – an investor that “fixed cars at a gas station for 25 years and swept floors at JCPenney for 17 years”. When he died in 2014 at the age of 92, he made international headlines – leaving behind $2mm to his step-kids, and $6mm to his local hospital and library. He simply saved what he could an invested in blue chip stocks – an amount that resulted in $8mm of wealth.

Housel points out that despite a lack of a fancy job or education, he performed much better than Richard Fuscone, a Harvard-educated Merrill Lynch Executive who went insolvent in 08’. “Ronald Read was patient; Richard Fuscone was greedy. That all it took to eclipse the massive education and experience gap between the two.”

Circumstance