2008 INVESTOR’S GUIDE

Train Your Brain to Win Big

When playing the investing game, it’s easy to let your impulses make all the wrong moves. Learning to trick yourself can help. BY JASON ZWEIG

Why Smart People Do Such Stupid Things With Their Money? The answer: too much of neuroscience, economics, and psychology that still dans in the biological brain of decision-making. Using MRI scans and EEG technology, scientists have discovered how little it takes even among our investment decisions flow. What have they found? Our financial decisions are driven by feelings to an astounding extent. Even when we think we are being rational, we are often drawn by imperfect emotions of which are constantly intermittent. Therefore, the key is in steering the investor, whether it’s for retirement or just for fun, strategies and tricks to prevent the heat of the moment from clouding your best judgment.

Stop borrowing. Leave it on a怎么做 T to your Brain. That’s how Decision Neuroscience But trick yourself can help. BY JASON ZWEIG

TEN TRICKS FOR BETTER INVESTING

Take the Global View

Investigate, Then Invest

Hope for the Best—But Expect the Worst

Know What You Don’t Know

Investigate, Then Invest

Weigh What They Say

What If It Sounds Too Good to Be True? It Probably Is

Cuts Are Killers

Eggs Go Splat

POPCQUIZ: YOUR HEART OR YOUR MIND

Guil, impulse, a feeling—these emotional signals come in handy for lots of things in life. But as neuroscience teaches us, they’re not the right tools for money management. Try these quick investing tips to quench your instincts against cold, hard logic. The answers may surprise you.

Which is the better investment strategy?

a. Starting $1,000 now
b. Starting $1,000 now with 20% chance of losing it.

How much should you cut your losses on a losing stock?

a. 50%
b. 75%
c. 100%

How much of your investment portfolio should be in stocks?

a. 50%
b. 75%
c. 100%

How do you know when to sell a stock?

a. When the stock price hits a new low
b. When the stock price hits a new high
c. When the stock price hits a new low and high

How do you keep your emotions out of the investment decision process?

a. Think like a robot
b. Think like a machine
c. Think like a human

Is it better to invest in stocks or bonds?

a. Stocks
b. Bonds

Why do people invest?

a. To make money
b. To save money
c. To lose money

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How do you know if you’re being overpaid?

a. Compare your salary to others
b. Compare your salary to the cost of living

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