

What's getting in your way?



Jana Vembunarayanan

Mastercard
wants you to
spend more
on their credit
cards.





**Who's getting benefited: Mastercard
or You?**

Market Summary > Mastercard Inc

NYSE: MA

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279.05 USD **+2.24 (0.81%)** ↑

Closed: Nov 1, 5:47 PM EDT · Disclaimer
After hours 278.40 **-0.65 (0.23%)**

1 day

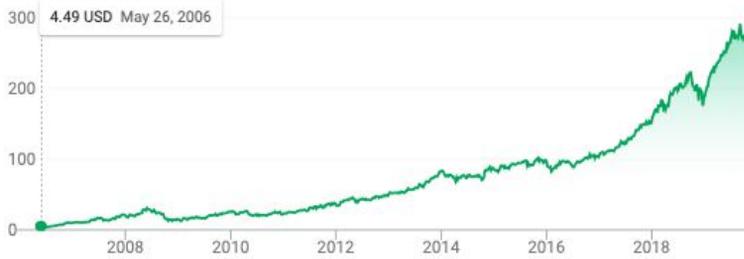
5 days

1 month

1 year

5 years

Max



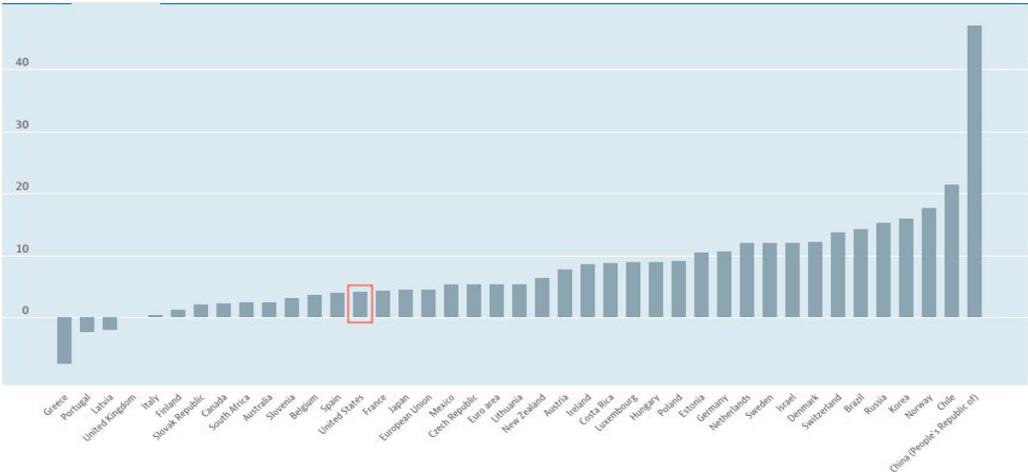
Mastercard stock
compounded at 36%
in 13.5 years

US Personal Saving Rate



The U.S. personal saving rate is personal saving as a percentage of disposable personal income. In other words, it's the percentage of people's incomes left after they pay taxes and spend money. <https://fred.stlouisfed.org/series/PSAVERT>

How does the US savings rate compare with others?



Source: <https://data.oecd.org/natincome/saving-rate.htm>

Our desire to
keep up with
the Joneses.



Hedonic Treadmill

The Upside of Irrationality by Dan Ariely

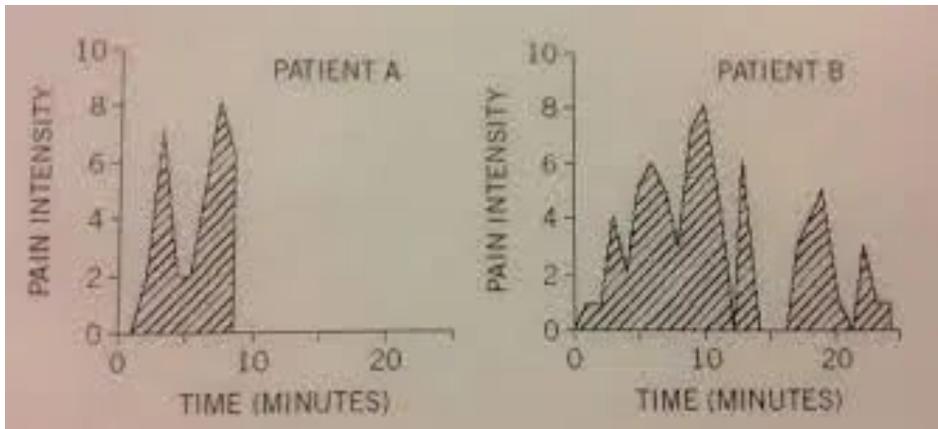


"Dan, when we got this car last year I was ecstatic, but now it no longer makes me happy. What do you think about renovating the kitchen?"

Nothing in
life is as
important as
you think it is
when you
are thinking
about it.



Did Patient A or B more suffer from the surgery?



Two Selves

Two patients A and B underwent a painful colonoscopy procedure. Every 60 seconds the patients indicated the level of pain they experienced at that moment. The scale of pain is from 0 (no pain) to 10 (intolerable pain). The pain intensity is plotted in the y axis and the duration of the procedure is plotted in the x axis.

Most of us would answer that patient B suffered more. The actual patients were asked to rate their experience after the procedure. Patient A retained a much worse memory of the episode than patient B. Is this not strange? There are two reasons for this strange response.

1. **Peak-end rule** – The patients only remembers the average pain at the **peak and end**. For patient A the pain at the peak was 8 and at the end was 7. Hence the overall pain remembered is their average **7.5**. For patient B the pain at the peak was 8 and at the end was 1. Hence the overall pain remembered is their average **4.5**.
2. **Duration neglect** – The duration of the procedure had no effect whatsoever on the ratings of total pain.

The experience they had during the procedure is different from the experience they recollect from their memory after the procedure. This means that the experience that gets stored in the patients memory is different from their actual experience.

How much
pleasure do you
get from your
car?



Two Selves

When you tried to rate how much you enjoyed your car, you actually answered a much narrower question: “How much pleasure do you get from your car when you think about it?” The substitution caused you to ignore the fact that you rarely think about your car, a form of duration neglect. If you like your car, you are likely to exaggerate the pleasure you derive from it, which will mislead you when you think of the virtues of your current vehicle as well as when you contemplate buying a new one.

The same logic can be applied for why we want to buy a large and an expensive house. It will not make us happier in the longer term as we do not think about the house every day. Our happiness will be determined by what we do every day. In fact our experiencing self will be miserable if we take a mortgage which we cannot afford.



When you find that you have no surplus at the end of the year, and yet have a good income, I advise you to take a few sheets of paper and form them into a book and mark down every item of expenditure. Post it every day or week in two columns, one headed “necessaries” or even “comforts”, and the other headed “luxuries,” and you will find that the latter column will be double, treble, and frequently ten times greater than the former. The real comforts of life cost but a small portion of what most of us can earn. **Dr. Franklin says “it is the eyes of others and not our own eyes which ruin us. If all the world were blind except myself I should not care for fine clothes or furniture.”** It is the fear of what Mrs. Grundy may say that keeps the noses of many worthy families to the grindstone. In America many persons like to repeat “we are all free and equal,” but it is a great mistake in more senses than one.

[The Art of Money Getting: or, Golden Rules for Making Money](#)

How should we
deal with
Procrastination?



Everyone knows that saving more and eating healthy is beneficial in the long term. But, we fail to follow it. Why? Procrastination. How should we deal with it?

—
Save more for
Tomorrow.

The
**SAVE MORE
TOMORROW**
Story

Source: <https://vimeo.com/40184879>

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James Clear

“We are what we repeatedly do. Excellence, then, is not an act, but a habit.”
—Aristotle.

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Thank You

