



The Mindful Investor

Graham Byron

Income tax season can be stressful for people simply because it forces them to look more closely at their finances. Many will quickly stuff everything into an envelope and pass it to their accountant like a proverbial hot potato, quickly turning their minds to other things. This is a wasted opportunity to review their financial situations and clear up ongoing problems. Sometimes this occurs because they don't know how to deal with the undercurrent of anxiety that runs through their financial dealings and may indeed run throughout their lives.

I often find similar resistance when I prepare financial plans and investment policy statements (IPS) for prospective clients. Recently I attended a presentation where the speaker extolled the virtues of having an investment policy statement and expressed dismay at the lack of financial advisors using them. I understand why many advisors don't use them. Although I use them regularly, in more than 25 years of practice I've never had a single client or prospect request an IPS. In many cases, I suspect that this is simply because they are uncomfortable looking at their current financial situation. I know that often when I start to point out an egregious error or charges by the existing advisor that I believe are too high, the prospect becomes extremely uncomfortable and in some cases quite defensive, trying to deflect attention to another area. Sadly, quite often this is as far as some prospects get in their attempts to fix their current situations as the discomfort prevents them from moving forward.

Other than avoiding thinking about or dealing with your finances, other clues that you are being subtly controlled by a similar undercurrent of anxiety include: procrastination, tiredness, insomnia, anger, spending too much, the inability to connect emotionally, or craving distraction. So, what is the solution to breaking this cycle

of avoiding financial reality? In my experience, mindful meditation is enormously useful in dealing with the often subtle and occasionally visceral emotional sensations that arise when facing uncomfortable issues. Rather than deflecting and turning away from a problem, learning and practicing simple meditation techniques could, with time and practice, free you from this emotional trap.

Meditation teacher Shinzen Young has a basic, scientifically structured secular process that consists of simply noting and labeling thoughts and physical sensations that arise. The goal is to develop concentration, clarity, and equanimity with whatever thoughts and sensations arise within you. (Equanimity is a state of surprising matter-of-factness. You may have already spontaneously experienced this in moments of stress—for example, you may have felt “in the zone” and simply acted, remarkably free and clear of interference.)

Try this simple technique to get you started (and remember there is no requirement or particular benefit to being relaxed or turning off your thoughts while meditating, though this may be a side effect for some people):

While sitting comfortably upright, bring yourself to the present moment by focusing on your body, for example on the weight of your hands folded on your lap or the grounding sensation of the soles of your feet on the floor. As your mind wanders away, gently and without judgment bring it back to once again focus on your hands or feet. Soon you will become aware of many other sensations throughout your body. That's fine; you can focus on whatever arises so long as you choose any one sensation at a time to clearly focus on. Leave everything else in the background. With practice you will develop your own rhythm of noticing and focusing, usually for a

few seconds at a time. Try for two minutes to begin with and work up from there.

After you have practiced for a while and are comfortable noticing physical sensations that arise, you can try focusing on other things that may arise in your awareness, including sounds around you, thought images, internal dialogue, emotional sensations you feel physically. You will find it easier to concentrate if you choose to work on one of these at a time. For more information and techniques, you can visit Shinzen Young's website at www.basicmindfulness.com.

Through simple mindfulness techniques such as this, you can easily learn to turn inward toward what is making you uncomfortable or, if that is too much for you at that moment, you can choose to turn away and focus on the outside world. By developing the habit of noting and being clearly aware you can eventually learn to maintain a calm attitude and approach problems, including financial ones, with equanimity.

So what can a mindful practice help you to achieve from a financial standpoint? Many things, some of which include the ability to:

- work more easily and efficiently with your accountant by reducing procrastination and allowing you to actually listen to his or her advice.
- visit or revisit a certified financial planner and have a comprehensive financial plan prepared. With a new, stronger awareness you'll be able to identify your fears and biases, move past them, and actually implement the planner's recommendations.
- be honest and upfront in your dealings with your Investment Advisor. You won't stew silently in frustration over fees or results, but will be prepared to press through any discomfort and ask for the clear answers and explanations you deserve.
- overcome procrastination and extract yourself from bad financial situations, including debt, poor investments, etc.

- face the reality of your investment options and decisions. In time you will become a healthy investment sceptic who will no longer be deluded into believing that low risk and high returns can co-exist and realizing that everything comes at a cost. For example, each positive investment description (i.e. guaranteed, low risk, high yield, tax preferred, diversified, managed, rebalanced) has a price to pay, either in the form of a fee or a reduction in potential upside.

I would be remiss not to point out that none of this is easy. However, with practice you will find more clarity and you will eventually give up any longheld fantasies or illusions about your financial situation. In return you will be clear about your situation, able to concentrate fully on solving any financial problems and have deep equanimity with the outcome, good or bad.

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