

# A Behavioral Finance View of College Savings

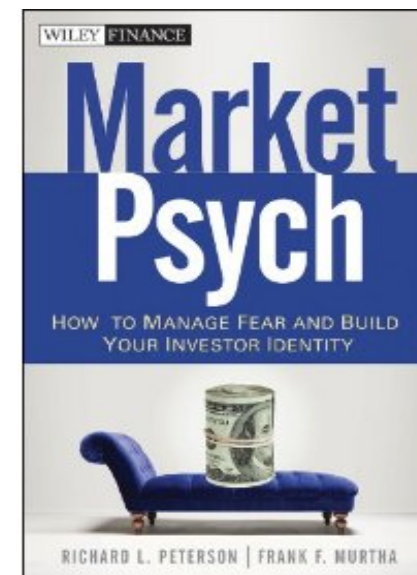
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# Please Allow Me to Introduce Myself...

Frank Murtha, Ph.D.

- Co-founder of MarketPsych LLC
- Professor
- Gambling Expert
- New Author – Critically Acclaimed!



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## Objective

*Identify the obstacles for college savings and provide you with knowledge about your consumer to help them take action....via your marketing communication, sales ideas for FAs or website communication.*

*Good News: The college savings obstacles are not too different from other savings obstacles. Let's get back to basics.*

# Obstacles

Obstacle #1: Procrastination

Obstacle #2: The Giant Bucket Problem

Obstacle #3: Misunderstanding 529s

# Obstacles

## Obstacle #1: Procrastination

- It's not apathy - people want to save
- They do not appreciate the urgency
- The “I don't have any money” myth
- “All or nothing thinking”
- \*Toe-dipping

# Obstacles to College Savings

- Obstacle #2: The Giant Bucket Problem
  - Keep money in a common pool
  - More immediate needs trump more important needs
  - No way to track progress

# Obstacles to College Savings

- Obstacle #3: Misunderstanding 529s
  - Don't appreciate tax benefits
  - "Too many choices"
  - Fear a loss of control
  - Lack of trust

# Creating Emotional Leverage





# Solutions to Obstacles

## Obstacle #1: Procrastination

- Latte Factor – Reframe “Living Without”

## Obstacle #2: The Giant Bucket Problem

- Mental Accounting

## Obstacle #3: Misunderstanding 529s

- Simplify and Clarify the process
- Tax advantages – Power of Compounding Growth

# Question and Answer