



## Book Review: “The Psychology of Money” by Morgan Housel

by Jon Sevenker

In my opinion, Morgan Housel is the best behavioral financial writer today. I learn something from every article of his that I read. So when I found out he was releasing a book, I preordered a copy. [The Psychology of Money](#) includes some of Housel's existing blog posts, plus new insights and information about people's relationship with money. Here are 10 of my favorite passages from the book:

- Happiness is just results minus expectations.
- (On the power of compounding) \$81.5 billion of Warren Buffett's \$84.5 billion net worth came after his 65th birthday.
- Money's greatest intrinsic value is its ability to give you control over your time.
- Wealth is what you don't see.
- Building wealth has little to do with your income or investment returns, and lots to do with your savings rate.
- Saving is a hedge against life's inevitable ability to surprise the hell out of you at the worst possible moment.
- The odds are in your favor when playing Russian roulette. But the downside is not worth the potential upside.
- Beware taking financial cues from people playing a different game than you are.
- Optimism sounds like a sales pitch. Pessimism sounds like someone trying to help you. Tell someone that everything will be great, and they're likely to either shrug you off or offer a skeptical eye. Tell someone they're in danger, and you have their undivided attention.
- The illusion of control is more persuasive than the reality of uncertainty.

Back in March 2018, I wrote about my "[5 all-time favorite money books](#)." If I were to rewrite that post today, I would take out *The Behavior Gap* and replace it with *The Psychology of Money*. This book is that good. If you are interested in personal finance, investing, or understanding the forces at work as you make money decisions, I'd highly recommend *The Psychology of Money*.

If you want to check out more of Morgan Housel's writings, start with these five blog posts:

- [Save Like a Pessimist, Invest Like an Optimist](#)
- [The Laws of Investing](#)
- [Common Plots of Economic History](#)
- [Financial Advice for My New Daughter](#)
- [Short Money Rules](#)

We've also written about "[7 investment biases to watch out for](#)" and "[7 investment rules it pays to remember](#)," the latter of which is a shortened version of a Morgan Housel blog post.

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