What the Stoics Teach Us About Money

By Beth Punzi, CFP®, Financial Advisor

Long before behavioral economists explored why investors may react emotionally during periods of market stress, the Stoics had identified many of the limitations of the human mind and its myriad idiosyncrasies. These ancient philosophers, living in a time when oral communication was the main source of news and information, documented their observations, reflections and insights so that today we can consider and learn from their perceptions. Their wisdom may offer a useful perspective for modern-day decision making.

In the interest of concision, I will share four quotes from the following three famous Stoics;

- Seneca – a prominent Roman stoic philosopher
- Epictetus – a Greek philosopher born into slavery who won his own freedom
- Marcus Aurelius – a Roman emperor and practitioner of Stoic philosophy

Their ancient wisdom may offer a useful framework for the challenges faced by modern-day investors.

Bear trials with a calm mind

Seneca wrote, ***"To bear trials with a calm mind robs misfortune of its strength and burden."***[1] Markets fall. Investments underperform. Bills arrive at inconvenient times. Seneca's point is that the loss itself is only part of the challenge — the panic, the sleepless nights, the impulsive decisions made in fear can add to the difficulty. A calm investor doesn't feel less pain during a downturn, but they may be less likely to exacerbate it.

Control what you can

Epictetus put it plainly: ***"Make the best use of what is in our power, and treat the rest in accordance with its nature."***[2] You cannot control interest rates, inflation, or what the market does tomorrow. You can control your savings rate, your spending habits, how you approach diversification, and whether you check your portfolio ten times a day or once a quarter. Prudent money management can begin by sorting the controllable from the uncontrollable and putting your energy into the former.

Watch the wise

Marcus Aurelius advised, ***"Search men's governing principles, and consider the wise, what they shun and what they cleave to."***[3] Good financial habits can often be shaped through observation. Watch what disciplined investors may avoid (debt-fueled speculation, chasing trends, herd behavior) and what they may hold onto (patience, a long time horizon, a straightforward plan) and let that help shape your own principles.

Receive gains without pride, part with them without pain

Marcus Aurelius also wrote, ***"Receive the gifts of fortune, without pride; and part with them, without reluctance."***[4] A great year in the market is not necessarily proof of your brilliance, and a bad one is not necessarily proof of your foolishness — both can reflect circumstances beyond an investor's control. The investor who stays humble in gains may be better positioned to maintain perspective during losses, because they never mistook luck for identity in the first place.

None of this is investment advice in the technical sense, but rather a framework from which to approach your investment decisions. The Stoics' advice is older and, in some ways, more durable than much of what we consume in modern-day media. The Stoics never traded a single stock, but they understood something that remains relevant to investors today: financial outcomes are influenced not only by market ups and downs, but also how we respond to those inevitable swings.

[1] Hercules Oetaeus (lines 231-232) [2] Discourses, 1.1.17 [3] Meditations, Book IV, Section 38 [4] Meditations, Book VI, Section 33



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