

Thoughts for the Week | Stuck In The Middle With You | July 26, 2024

Clowns to the left of me

Jokers to the right

Here I am...stuck in the middle with you

- Stealers Wheel

Studies show that the average person makes over 30,000 decisions throughout the day. (Source: HBS)

Decision #1: Wake up or hit snooze?

Decision #2: Meditate or open Facebook?

Decision #3: Coffee or tea?

....

Decision #30,000: Set the alarm for 5AM or sleep in until 8...?

Scientists have bucketed our decision-making processes into two camps: satisficing and maximizing. (Source: BBC)

Satisficers are interested in making “satisfactory” or “sufficient” decisions, while *maximizers* strive for 30,000 optimal choices per day. However, we doubt people are exclusively satisficing or maximizing.

It would be *clownish* to always stop at “good enough”, and it’s a *joke* to think every choice can be optimized. Instead, decision making can be thought of as a spectrum. People satisfice on some things, while striving to maximize others. They end up...*stuck in the middle*.

To be clear, that’s not a bad thing. Look no further than Apple Computer founder Steve Jobs.

When presented with the first iPod prototype, Jobs complained that it was too big. The engineers pushed back – it was impossible to make it smaller. After the exchange, Jobs walked over to his aquarium, dropped the iPod into the water, and watched bubbles float from the device. “Those are air bubbles. That means there’s space in there. Make it smaller.” However, Jobs was *also* known for wearing the same black turtleneck, Levi’s jeans, and iconic grey New Balances, every day. The simple wardrobe was sufficient. Steve maximized and satisficed his way to success. (Source: The Atlantic)

Financial Planning decisions also live on a spectrum. On one side lives a world of simplicity, but lower payoff (satisficing). On the other side, a world of complexity, but higher payoff (maximizing). It’s rare that our financial decisions live siloed in either extreme, and more often than not, our series of decisions end up...*stuck in the middle*.

Satisficing on the “small decisions” can help you maximize the “bigger decisions”.

Optimizing your credit card program, for many consumers, can be an exhausting series of “small decisions” with minimal *relative* payoff. Use Card A for Expense B. Use Card C for Expense D. Transfer points from X to Y to Z to get the most bang for your buck. This takes time and energy. It creates the added risk of a missed credit card payment. And – according to psychologists – inadvertent “suboptimal” decision making (eg, accidentally using the “wrong card” for the “wrong expense”) creates feeling of regret, leaving failed maximizers worse off than satisficers. (Source: BBC)

Developing an estate plan is arguably a “big decision”. If you don’t have an estate plan, the state in which you live has one for you. That state would like to think their solution is satisfactory (why else would they structure it that way?), but it might not match your goals. Who will take care of your adolescent children if you pass unexpectedly? To whom or to what charities will you bequeath assets? Will the assets be distributed outright or in trust? Maximizing desired outcomes by drafting a holistic estate plan can help give you peace of mind that the right people will get the right inheritance with the right guardrails in place.

*Trying to make some sense of it all
But I can see it makes no sense at all
Is it cool to go to sleep on the floor?
'Cause I don't think that I can take anymore
- Stealers Wheel*

But trying to maximize *every* big decision can lead to paralysis, and satisficing can lead to better outcomes than doing nothing at all. As we wade into the second half of 2024, we’ll begin to field questions about the tax benefits of charitable giving; the optimal retirement account contributions; annual and lifetime gifts to children; etc. There’s usually a “maximized answer” that lives in a complex web of Microsoft Excel formulas. We can work with your tax and legal advisors to help you understand that decision. But if you start to feel overwhelmed, and “perfect” starts to become the enemy of “good”, lean on our team to help weigh the tradeoffs of satisficing and maximizing. As your advisors, we’re here...stuck in the middle with you.

Enjoy your reading and your weekend.

Mike, Cate, Scott, Willis, Suzy, Oscar and Wes

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Source:

[A Simple Way to Make Better Decisions \(hbr.org\)](#)

[Do 'maximisers' or 'satisficers' make better decisions? \(bbc.com\)](#)

[In Praise of Bad Steve - The Atlantic](#)

Awards:

2024 Barron's Top 250 Private Wealth Management Teams

Source: barrons.com (Awarded May 2024) Data compiled by Barron's for the period Jan 2023-Dec 2023.

2024 Forbes Best-In-State Wealth Management Teams

Source: Forbes.com (Awarded Jan 2024) Data compiled by SHOOK Research LLC based on time period from 3/31/22-3/31/23.

Mike Burbank | 2019-2020 & 2022-2024 Forbes Best-In-State Wealth Advisors

Source: Forbes.com (Awarded 2019-2020 & 2022-2024). Data compiled by SHOOK Research LLC based 12-month time period concluding in June of year prior to the issuance of the award.

Mike Burbank | 2017-2024 Barron's Top 1,200 Financial Advisors: State-by-State (formerly referred to as Barron's Top 1,000 Financial Advisors: State-by-State)

Source: Barrons.com (Awarded 2017-2024). Data compiled by Barron's based on 12-month period concluding in Sept of the year prior to the issuance of the award.

Mike Burbank | 2013-2020 Financial Times 400 Top Financial Advisors

Source: ft.com. Data compiled by the Financial Times based the following time periods:

Awarded 2013-2020; data 12/31/12 - 6/30/19

[Awards Disclosures](#)

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