

## Investment fears? Blame the wild animal in your brain

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There is a wild animal deep in your brain , and it is importantly related to your investment decisions .

It has a less than familiar name , at least to non-physicians--the amygdala .

This primitive region stores our unconscious memories until something that reminds us of a past event brings them out . Then we go into automatic mode and respond .

For example , if we had been in a war , we may have developed conditioned fear to the sound of guns . When we hear them , we become terrified and our bodies involuntarily respond with an increase in heart rate and blood pressure . Unconscious memories , like these , are burned into our amygdala during stressful events .

Brain scans show that a normal amygdala is stimulated by emotional stimuli . During stress , hormones and neurotransmitters are released that make the amygdala more excitable .

The amygdala can literally sparkle with activity when anxiety occurs . In other words , it is easier to etch the amygdala with an imprint during frightening and apprehensive conditions .

The amygdala is old phylogenetically . Reptiles and birds also have an amygdala . That is one reason it might be fair to refer to it as our primitive brain animal . The more important reason , however , is its function . Past fearful situations have resulted in this brain being trained to give an automatic response--fight or flight .

Early in evolution , these responses were protective for the reptile or bird . Either fleeing the physical threat , or fighting it , was preferable to doing nothing and surely suffering harm . Today , that primitive response may not

always be working in humans' favor because the fear response is brought about not only by physical threats , but also non-physical ones .

Perceived non-physical threats can be numerous--one is terror engendered by the sound of guns , even though it is a gun salute for a holiday . The amygdala response to non-physical threats in humans seems to require action , just like the original flight or fight reaction to a physical danger in animals . For example , a person traumatized from a war might run the other way when he hears the gun salute . In other words , some of us act irrationally to non-physical threats as though they were physical .

Another non-physical threat is stock market performance . We know a poor performance in this area can jeopardize our financial health .

Fear is triggered under these circumstances . A visceral response occurs that causes discomfort and can even lead to panic . Stock can be sold hastily , without thought , because of this reaction . This behavior is not financially advantageous .

This fear behavior could have been generated originally by strong emotions expressed during family arguments about depleted money funds . Those involved were excited , stress hormones were released , and the amygdala was sensitized to the money-losing situations . The future anticipation of money loss can then cause fear and even panic .

One reason we have so much trouble reining in our amygdala is because the connections to the thinking part of the brain , the cortex , are weighted in favor of our wild animal . By that , I mean the connections from the cortex to the amygdala are less than from the amygdala to the cortex . This situation means that reason , seated in the cortex , is less likely to control the amygdala than vice versa .

We have to be super-conscious of our tendency to let unconscious feelings reign , and train ourselves to control them .

How do we train ourselves to control the fear regularly emanating from our amygdalas , and thereby make better investment decisions? It is constructive to look at fear as a normal response to certain stimuli that we perceive as dangerous , whether they are physically threatening or not .

The fear response to these stimuli will likely never go away . We simply have to deal with them in an effective manor . The best way to do this is to admit we are afraid . Then , we can accept the fear and begin to work with it .

This reaction makes our fear response a positive one because we accept it as a warning that tells us to examine what is happening and make assessments .

There is a common saying on Wall Street: "The markets are motivated by two emotions--fear and greed ." By understanding the importance of fear and dealing with it , we begin to conquer it . This can only lead to better investment results .

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