

# Behavioral Economics Principles

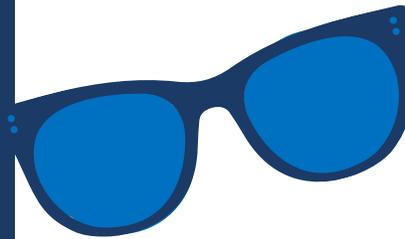
## Herding

People tend to make decisions that align with what others have done



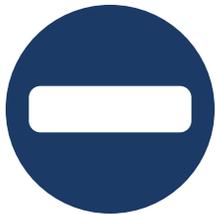
## Irrational Optimism

People tend to be overly optimistic about their future & believe tragedy won't befall them.



## Inertia

People have a hard time making complex decisions, and therefore, choose not to decide at all.



## Mental Accounting

People tend to divvy up their money into separate accounts, even if it's just mentally.



## Loss Aversion

People are more willing to take risks in order to avoid a loss than to pursue a gain.

