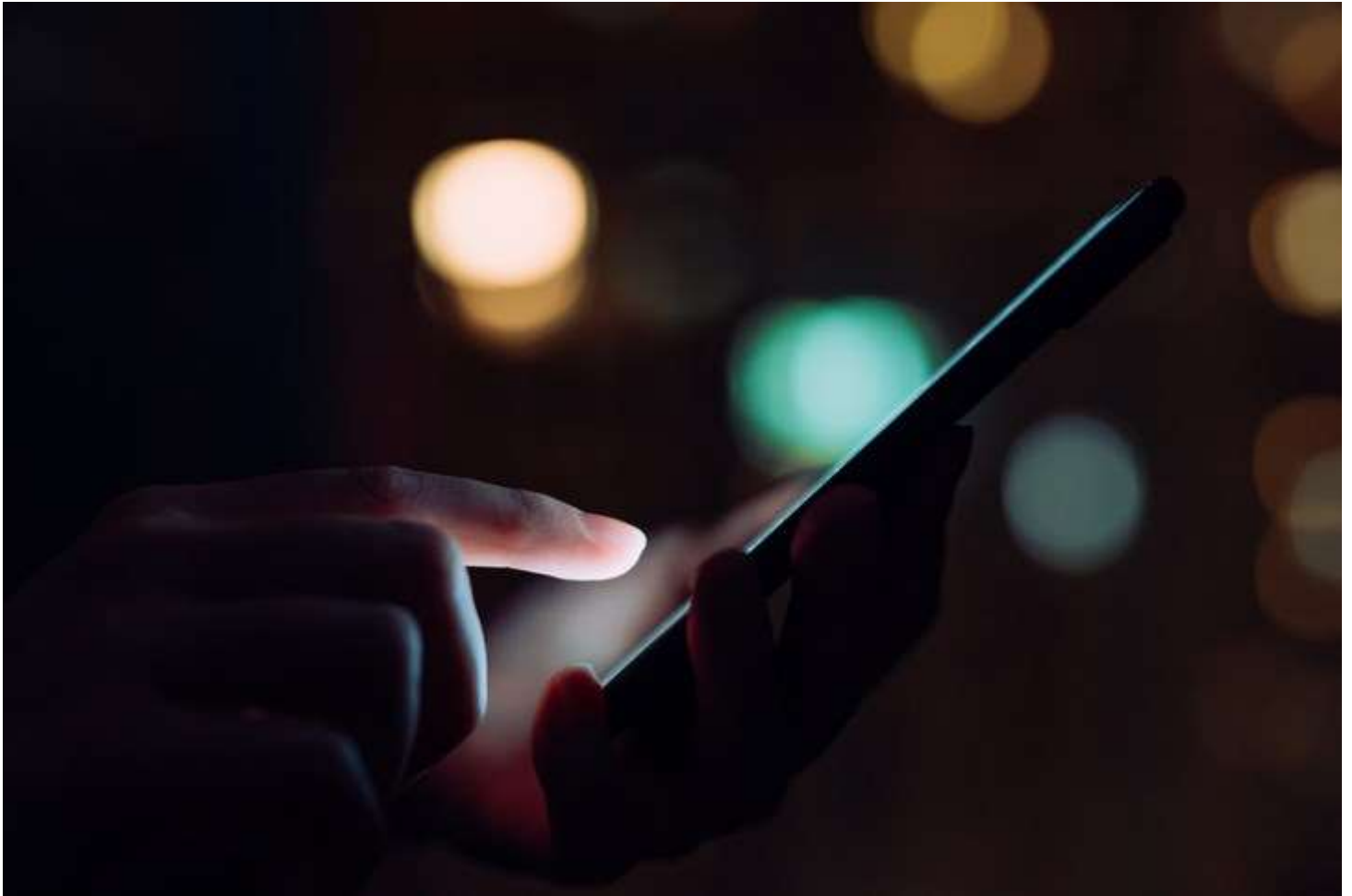


## Smart Money: Where do you get your information?

about 3 hours ago By: Brad Brain / Smart Money



*Brad Brain: "There is no shortage of professions where outsiders may feel inclined to have an opinion on the way things should be done. Natural resources ("We need to ban fossil fuels!"), health care ("This is what the other guys don't understand about the pandemic!"), education ("Why aren't they teaching this in school?"), politics ("I can't believe they spend so much money on this!"), and more." | Getty Images*

Have you ever had a conversation with someone who was totally convinced of something that you know to be false? I am not referring to legitimate difference of opinion. Rather, something more along the lines of you are a mathematician, and someone is trying to tell you that 2 plus 2 equals 5. This is not merely a case of believing the other person to be in error, you flat out know that they are wrong.

Recently I had a fellow come into my office, and he passionately argued in support of a Facebook meme that was demonstrably untrue. It was a conspiracy theory about investing, and it was pure

fiction, but that did not dissuade him at all. In his mind, this fantasy meme was reality. The irony is, immediately before this happened, he shared a story with me of how he put someone in their place for their ignorance about fracking – something he knows quite a bit about.

Do you see the important distinction? He can quickly dismiss crackpot theories about things that he knows a lot about, but simultaneously he is susceptible to blindly accepting crackpot theories on topics that he knows little. And he is not alone.

Financial planning is not the only field in where this occurs. There is no shortage of professions where outsiders may feel inclined to have an opinion on the way things should be done. Natural resources (“We need to ban fossil fuels!”), health care (“This is what the other guys don’t understand about the pandemic!”), education (“Why aren’t they teaching this in school?”), politics (“I can’t believe they spend so much money on this!”), and more.

Here is the point: When we are confronted with a flaky idea in an area that we have expertise, we know enough to be able to call B.S. You are probably not too vulnerable to goofy ideas in a field that you have expert knowledge in.

But consider this: What about all the subjects that you don’t have expertise in? If you can recognize crackpot ideas in your field, do you think there could equally weird ideas in fields that you know less about? Of course there are.

The problem is, we can’t as easily identify which theories are wacko if it is a subject that we are unfamiliar with. Not all crackpot theories are absurd; if we don’t know any better, some of them can sound quite plausible. So how do you know what information to trust?

This issue of not knowing what information to trust is exacerbated by confirmation bias. Confirmation bias is the tendency to acknowledge and trust information that supports our existing beliefs and dismiss information that contradicts our worldview.

So how can we make better decisions in a world of conflicting information, where we may not know what sources to trust and, right or wrong, we gravitate to things we already agree with?

One place to start is to consider the source of the information. Going back to my fracking friend, I suspect he would counsel people to get their information from expert sources. If you want to know about fracking, ask a petroleum engineer, not Karen from Facebook. We should apply this standard to other subjects too.

When appropriate, try to find information from various expert sources, especially if there are expert sources with different points of view. The same event can be viewed very differently by people with contrasting perspectives.

Watch out for the echo chamber of social media. Confirmation bias means you are likely to see what you are already inclined to agree with. But being told the same thing over and over does not make it true.

When we know our stuff, crackpot theories can be easily dismissed. But crackpot theories abound, and they can be dangerous when we don't have a strong framework in place for making good decisions based on accurate information.

Where do you get your information? From experts, or from social media memes?

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