



FOMO No More

If any of these scenarios seem familiar, you may be suffering from the malady known as *FOMO*—or *fear of missing out*. FOMO is a fear of regret, the fear that deciding not to do something is the wrong choice. It manifests itself in various ways, from a brief pang of envy to lingering self-doubt or increasing feelings of inadequacy, and it urges us toward short-term gain rather than long-term benefit.

Among other things, FOMO urges you to splurge on a trendy new toy of some kind because everyone else is getting one. And it is at work when you decide to chase a risky investment because it might be the next big thing.

To date, much of the research that explores the psychology of FOMO focuses on feelings of stress, anxiety, and negativity among young people. But the phenomenon is much more pervasive. It can affect people of all ages and domains of life beyond the social. In fact, 70 percent of adults in developed countries experience FOMO to some degree. We can't stand missing out.

Me and Mrs. Jones

It's interesting that FOMO could have snuck up on us like this. The word was only added to the *Merriam-Webster* dictionary in the same year as *athleisure* and *bitcoin*. FOMO is, of course, nothing new. As humans, we're programmed to conform to society's norms, and we feel insecure or disappointed if we've missed out on an opportunity that others have taken advantage of.

Before the smartphone era, "keeping up with the Joneses" pushed many Americans to mimic their neighbors' lifestyles and standards of living through conspicuous consumption—driving the right car,



wearing the right brands, attending the right schools, and joining the right clubs. But social media and real-time access to almost everything have turbocharged the concept.

Marketing strategist Dr. Dan Herman identified FOMO in 1996 and published the first academic paper on the topic in 2000. Herman observed the phenomenon during focus groups and interviews. He uncovered a common theme of interviewees' fearful attitudes about the possibility of missing an opportunity—and the joy that would come from seizing it. Marketers have since weaponized Herman's work with tactics such as limited-time free-shipping offers, early purchaser discounts, and celebrity and influencer testimonials.

Moderation in All Things

But FOMO is not all downsides. According to Herman, this phenomenon can lead us to “richer lives, filled with interest, excitement, and pleasures” and “motivate us to develop ourselves to the fullest extent and to reach achievements that reward us with feelings of satisfaction, might, and worth.”

Sounds a little like Don Draper, doesn't it?

The fear embedded in FOMO urges us toward behaviors that make us more attractive and interesting to others, Herman says, so long as we learn to cope with it. He also found that the ability to cope well with that fear correlates with financial and social success and life satisfaction. So, while missing out is inevitable, the fear of missing out can be a good thing—in moderation.

Without moderation, FOMO can generate negative consequences. Sufferers can become anxious, overwhelmed, and unable to make rational decisions. They may shy away from commitments to career, a partner, or friends because they don't want to close the door on other possibilities. FOMO can become a self-fulfilling prophecy for people who make short-term-focused decisions to quell their anxieties.

Beyond the emotional aspects, FOMO can encourage decisions with negative long-term financial consequences. These decisions may be small, like caving in and buying the latest 5G iPhone, or large, like trading in for a new car every few years so that you can have the latest and greatest features. What about buying the more expensive house—so you'll have the extra space in case you need it? And, after all, it would be a shame to miss out on mortgage rates this low.

Trying to maintain status is a slippery slope, and this kind of lifestyle creep can erode finances over time.



The realm of investments is fraught with FOMO opportunities too, and with the stock market at all-time highs, you're hearing about them every day—in the financial news, from friends, and maybe even from financial professionals. Technology stocks, special-purpose acquisition companies (SPACs), initial public offerings (IPOs), meme stocks, and cryptocurrencies are making headlines with their eye-popping returns and are causing many investors to make short-term, risky, FOMO-induced decisions.

While somebody is certainly making money from these manias, too often, most end up with losses.

Free Your Mind

So how can you protect yourself from FOMO—or, at least, moderate its influence on your life and big financial decisions?

As is often the case when fighting behavioral biases, the first step in preempting the effects of FOMO is realizing exactly what is going on—noticing, perhaps, that you are not altogether in control of your thinking. In fact, you may not be thinking at all.

This is because the brain's first response to fear is generated by the *amygdala*, a small, almond-shaped structure deep in the brain. The amygdala is a primal part of our brain that generates a stress reaction in the body when it perceives a threat to your survival. The threat could be a lion pouncing or something more subtle—for example, when you feel like you're not part of the group or that you're not in possession of critical information. In other words, fearing you're missing out.

Stressed and fearful is not a good mindset for making sound decisions, but fear not (pun intended). It's easy to engage other parts of your brain that can be more helpful. Simply call a timeout and ask yourself: Is this decision necessary for my long-term well-being—or is it a short-term reaction driven by anxiety and fear that a great opportunity is slipping away?

The question alone will activate parts of your brain responsible for rational thinking, most notably your pre-frontal cortex. If the decision you're trying to make is a big financial decision, you'll want to speak with your financial and tax advisors. From there, you can use a range of strategies to guide your decision. Talk to a trusted friend or family member, or follow in the footsteps of Ben Franklin.

Franklin's decision-making method, described in his *Autobiography*, published in 1791, involves capturing the pros and cons of prospective decisions in a T-chart and scoring them by applying weights to the factors. His approach slows you down because, as he said in a letter to a friend, "all the Reasons pro and con are not present to the Mind at the same time."

Psychologists suggest a range of tactics—from practicing meditation and accepting yourself as you are to expressing gratitude and focusing on the important relationships in your life—as powerful antidotes to FOMO.

Despite its new-kid-on-the-block status, it appears that FOMO is here to stay, fueled by social media, the Internet, real-time access to all kinds of news and information, and the general immediacy of life



in the 21st century. In fact, it probably only gets worse from here—unless we take steps to rein it in.