



3 Investing Behaviors That Could Put Your Retirement in Jeopardy

Behavioral finance is a field of study that looks at how psychological influences and biases affect the financial behaviors of investors. Research on investor behavioral biases suggests that when people face complex decisions, they often rely on basic judgments and preferences to simplify the situation rather than acting completely rationally.¹ In other words, they allow emotions to drive decision making. Keep in mind, when financial decisions are at odds with your long-term strategy that can have negative consequences, such as delaying the time it takes to accomplish certain objectives.

Below are three of the most common behaviors that lead investors to veer off course and steps you can take to help remain on track toward your important financial goals.

1. **Overconfidence bias:** This often occurs when investors overestimate their understanding of specific investments or financial principles, or disregard data or professional advice. As a result, investors may take on undue risk by chasing investment returns or trying to time a specific market's ups and downs. To keep overconfidence bias in check, take steps to educate yourself on how the financial markets and individual investments work. Then reach out to a financial professional with any questions and for advice to help you remain on track toward your goals.
2. **Following the herd:** Making investment decisions based on what others are doing generally doesn't pay off and can even derail your strategy. That's because following the crowd often results in owning investments that are the wrong fit for you or buying when prices are rising and selling when prices are falling. That's the exact opposite of what you want to do. Instead, make sure you have a personalized plan in place that is fully aligned with your specific needs, goals, and risk tolerance. That not only inspires confidence but eliminates the need to worry about what everybody else is doing.
3. **Second-guessing your strategy:** While it can be hard to stay the course during periods of economic uncertainty or increased financial market volatility, this is generally the worst time to abandon your strategy. That's because a disciplined, long-term approach that is aligned with your needs and goals is designed to help you weather any storms that come your way. A well-diversified portfolio, combined with a disciplined process for managing risk is widely viewed as a strong defense against volatility. Remember, diversification does not protect against loss or guarantee that an investor's goals will be met.

If you have questions about how planning can help you stay on course in any market climate, contact the office to schedule time to talk.

¹ <https://www.cfainstitute.org/en/membership/professional-development/refresher-readings/behavioral-biases-individuals>



Do You Need an Executor for Your Online Presence?

From e-commerce to online banking, streaming services, and social media sites, Americans are spending more time than ever online. In fact, a recent Pew Research study reports that 85% of U.S. adults spend time online daily and 31% use the internet “almost constantly.”¹ Over the past two years the pandemic has also played a role in driving the development, adoption, and popularity of many online and digital applications, such as video conferencing and telehealth services. As a result, the average user’s digital footprint has expanded significantly in recent years, creating the need for a “digital will” of sorts.

If you’re familiar with the estate planning process, you may have named an executor for your will, to handle the distribution of your property after you are gone and appointed someone to make legal and healthcare decisions on your behalf during your lifetime through a durable power of attorney. However, most people have given little thought to whom will be responsible for closing down their online presence in the event of permanent incapacity or death. This is important because the longer unmonitored accounts sit idle in cyberspace, the higher the likelihood that they could be forgotten or subject to fraud that goes undetected. Keep in mind, each website or online service will have its own legal requirements and/or process for closing accounts. For example, Facebook allows users to memorialize accounts by naming a “legacy contact” to care for your account after you pass away. If you prefer to have the account deleted, you can stipulate that at any time in your account settings.

Creating your digital road map

To help ensure all aspects of your digital footprint are fully accounted for, begin by creating a list of all of your accounts and login credentials. This list should be updated as new accounts are created or closed, or as passwords are changed. Keep your list in a secure location along with your other estate planning documents. Providing a road map to your digital presence will make it much easier for your spouse or a trusted loved one to navigate your digital footprint and take actions aligned with your wishes, should the need arise. The following list will help you get started:

- Email, web hosting, blog, photo and file-sharing accounts
- Mobile apps
- Banking, credit card, investment, tax preparation and other financial management accounts
- Health Savings Accounts (HSA) and medical insurance plans
- Healthcare providers (healthcare networks, prescription programs and delivery services)
- Automated payment plans for phone, utilities, mortgage, installment plans, etc.
- Social networking (Facebook, Instagram, Twitter, LinkedIn, etc.)
- Media services (streaming services, audio/video/podcast, online magazines and publications)
- eCommerce accounts (department stores, Amazon, Uber, Grubhub, Instacart, etc.)
- Memberships and dues (gyms, clubs, organizations and member-only stores, like Costco)

To learn more about the important role estate planning can play in pursuing your long-term financial objectives, contact the office to schedule time to talk about your needs.

¹ <https://www.pewresearch.org/fact-tank/2021/03/26/about-three-in-ten-u-s-adults-say-they-are-almost-constantly-online/>