



3 Biases That Can Sabotage Your Wealth

Making financial decisions can often be more challenging than it appears. A variety of subtle influences can cloud our judgment. Here are 3 biases that can sabotage your wealth if you're not careful:

1. **Anchoring Bias.** This is where you focus primarily on the first piece of information you encounter, letting it influence your future decisions. For example, you could fixate on the value of a stock from when you initially purchased it. As a result, you could be reluctant to sell the stock even if it's currently trading at a much higher price.
2. **Loss Aversion.** This is the tendency for individuals to experience stronger emotional reactions to losses than to equivalent gains. As a result, this bias can create overly cautious behavior, such as favoring saving over investing or holding onto under-performing investments.
3. **Herd Behavior.** This mentality arises from our natural tendency to conform to the actions and opinions of the crowd, often overriding independent research and decision-making. This bias can contribute to financial bubbles, market crashes, and deviations from our investment plans during periods of market hype or panic.

Increased awareness, sound planning, and professional support can help counteract biases in decision-making. A clear investment plan with predetermined conditions can help mitigate emotional influence on decisions. Consider working with a financial advisor for objective guidance in navigating biases and developing effective strategies.

Sources:

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Hayes, Adam. "Herd Instinct: Definition, Stock Market Examples, & How to Avoid." Investopedia, 7 Jul. 2022, www.investopedia.com/terms/h/herdinstinct.asp. Accessed 7 Jun. 2023.

What's New This Month

Working with Meals on Wheels

At 1792 Capital, our core value of serving others extends beyond wealth management. We have created a culture of giving back to the community, aligning perfectly with George's commitment to serving seniors through Meals On Wheels Atlanta.



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With a passion to serve, 1792 Capital was created.

We are committed to empowering you to realize your most significant financial aspirations. Our journey together starts with delving into what is most important to you: your goals, visions, values, your legacy, and the risks you are comfortable with. We care about the quality of what we are delivering and are driven to make sure that your ideal financial future can be a possibility.

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