

Did you see...?

In this section we highlight any developments at FEIFA over the last month or more, where relevant, which you may have missed - plus any potentially relevant and useful articles from our Associate Members and/or other appropriate sources. For articles in the Member's Hub, you will, of course, need your usual password.



FEIFA News!

- **New Associate: IFA Dataflow – income/commission reconciliation services**
- **FEIFA becomes an Affiliate of the Consumer Duty Alliance**

Brewin Dolphin/FEIFA Seminar Dec 2023

- **Event hub (including CPD info)**

Masterclass Seminars & Webinars Q4 2023

- **Hub home page**
- **Synopses of the presentations**
- **VoD and CPD details**

FEIFA ESG Platform



- **A crime to use ESG criteria in investing**
- **Green bonds primed for more potential**

Plan continuation bias

TAM Europe Asset Management discusses the implications.

Plan continuation bias, a cognitive tendency rooted in persisting with a flawed plan despite evident shortcomings, casts a profound influence on decision-making processes. This predisposition to adhere to the familiar can be attributed to the intrinsic human instinct to avoid change, a protective mechanism honed over the course of the past 200,000 years. Survival historically favored those who adhered to known practices, be it in foraging for sustenance or navigating the complexities of existence. This aversion to being the experimental outlier, essential for evolutionary progress, often manifests in individuals refraining from making crucial life decisions.

Plan continuation bias finds its insidious grasp in various aspects of life, ranging from enduring toxic relationships and persisting in unfulfilling occupations to seemingly innocuous yet detrimental habits like smoking or pursuing ill-fated strategies at the casino. The profound implications of this cognitive bias extend beyond personal choices and delve into the intricate realm of investment decisions, particularly the hazardous habit of doubling down.

Contrary to statistical logic, doubling down is a practice that defies prudence, as professional gamblers attest. It echoes Einstein's poignant definition of insanity – repeating the same actions while expecting different outcomes. This brings forth a critical parallel with investment decisions, where the act of discerning the opportune moment to sell is a formidable challenge. Professional investors often navigate this terrain with relative ease, thanks to their emotional detachment from the decision-making process.

However, when plan continuation bias takes root, it inevitably leads to continuation errors, thereby intensifying the risks not only for the individual investor but also for those in their orbit, such as friends, family,

or, in the case of financial professionals, clients. The repercussions of persisting in suboptimal investment strategies can ripple through the financial ecosystem, impacting the economic well-being of dependents and stakeholders alike.

In the dynamic landscape of investments, embracing innovation and adapting to evolving market trends are imperative for sustained success. This pertains to exploring new asset classes, alternative investment routes, and innovative service providers. In the meticulous selection of investment managers for

clients, it becomes paramount to resist the allure of plan continuation bias. Opting for an investment manager who shares this commitment to avoiding this emotional pitfall ensures a proactive approach to market dynamics and a steadfast commitment to achieving optimal results.

In conclusion, recognizing the parallels between plan continuation bias and investment strategies unveils the significance of embracing change in the pursuit of financial success. By transcending the confines of cognitive biases, investors can chart a course that not

only mitigates risks but also propels them towards a future defined by adaptability, innovation, and, ultimately, prosperity.

That is why at TAM we do not try to be bold in our approach to investments, but we do try and be bold in our approach to the services we provide. We innovate in IFA offerings, and we take the risk of asset allocation away from the adviser which allows you to maintain a better relationship with the client.

For any further information please contact **Tom Worthington** – tom.worthington@tameurope.com