

## Obstacles to Planning Confirmation Bias / Availability Heuristic

We look for evidence that supports our beliefs, while discounting or ignoring evidence to the contrary

We often assess the likelihood of something based on how readily examples come to mind



### Don't Let Bias Prevent You From Planning Objectively For The Future

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People sometimes have very strong beliefs about their post-work life that can complicate planning for the future. They think they know what lies ahead, so they're resistant to doing much in the way of advance preparation.

Sometimes this is due to cognitive distortions such as the Confirmation Bias. That is the tendency to look for evidence that supports our viewpoint, while dismissing evidence to the contrary. A client nearing retirement once asked me, "What's the point of planning? My father scrimped, saved, and planned every penny, and he still dropped dead six months after he stopped working." I inquired, "*was your adolescence identical to your father's?*" He shook his head no. "*So why assume your retirement has to be the same?*"

Another cognitive distortion is the Availability Heuristic. That is the tendency to make judgments about probability based on how readily and vividly examples come to mind. An advisor told me about a client who rejected out of hand his recommendation about selling his business. The client said, "I'll never sell my company to a private equity firm. Two of my best friends recently did and they're miserable." I suggested that the advisor reply, "*I can appreciate why those cases are noteworthy for you, but it might be illuminating to look at other examples of this type of sale that actually went quite well.*"

Planning for your next chapter can feel like uncharted territory. In the absence of a roadmap it is easy to make assumptions. Some of those assumptions may be educated and reasonable, but others are prone to all-too-human cognitive errors like those noted above.

If you're considering exiting your business or your profession, one of the benefits of working with a trusted advisor is their ability to help you steer clear of these types of bias.

#### About Dr. Gard

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