

Welcome Tor Benson



Our newest Associate Advisor, Tor, joined the team in October after spending the last 14 years in Alaska.

A graduate of Oregon State University, Tor holds degrees in Biology and Education and a minor in Chemistry. His love of travel led to a diverse career path all over the world. Tor met his wife, Elisa, who is from Italy, during an internship in Ecuador and together they lived and worked abroad for 3 years before settling in Petersburg, Alaska.

Tor has a habit of turning his hobbies into careers (he loves fishing and spent 10 years as a commercial fisherman) and fortunately for us, he has a passion for tax planning and helping investors retain and grow their earnings. His interest in tax planning led to a career as a Tax Preparer and ultimately, to seek a position in personal finance upon moving to Bellingham earlier this year.

Outside of travel, fishing, and finance, Tor enjoys many outdoor activities including camping, hunting, vegetable gardening and playing club soccer. We are thrilled to have him as part of our Advisory Team and know he will be a valuable asset to all the clients he serves. Please join us in welcoming Tor to the FP family!

Recency Bias in Difficult Times

By Gabriel Twining, CFP®

As I watched footage of hurricane Ian wreak havoc on the Florida coast, my four-year-old daughter asked what was going on. I gave her a brief explanation about what a hurricane is and was sure to include the point that, fortunately, they aren't something that happens in our area.

Later that day, however, when we were planning a walk at Boulevard Park (right on the coast, for those of you who aren't local to Bellingham), she didn't want to go. She was afraid of a hurricane. It didn't matter to her that I explained the hurricane she saw on TV was 3000 miles away- the image blocked her four-year-old logic and her belief had been framed by her most recent memory: hurricanes exist near water, and they are scary.

My daughter was being swayed by something known as recency bias. Recency bias is a shortcut our mind takes to help us make everyday decisions without wasting brainpower. Our default thought-process is lazy, overemphasizing the most readily available data and acting under the impression that the future will play out in the same direction as it has been lately.

This predisposition serves its purpose when it comes to mundane choices. "Yesterday this road had traffic, I'll try a different route today" is not a high-stakes decision and using our most recent information allows us to act quickly with minimal consequences if we are wrong.

However, when attitudes based primarily on recent information impact high-stakes decisions with long term implications, it can create problems.

"The market has been down for two quarters; I will cut my losses and move to cash."

This is an example of an error in logic that recency bias would have us make. It also exposes another flaw with this way of thinking: that the knowledge we have access to accounts for all factors that influence our world. In reality, the missing or hidden information may shape the future far more. If we put excess weight on the events our memories can access immediately, we are discounting the weight of the more complete data set history provides, arrogantly assuming we know it all.

If current events are perceived as negative, we can become fearful, unable to escape the here and now and mistakenly believing the negativity will last forever. When fear is part of the equation it can turn illogical thoughts into irrational actions. We end up making poor choices, based on faulty and incomplete information. When we are only worried about today, it is often our future we sacrifice. For big decisions, we must consider more than what has happened lately. It is time to use more brainpower.

To avoid the ill-effects of recency bias, start by slowing down in order to pursue deeper levels of analysis. Gather more information before taking any consequential actions. Seeing that this is part of a much larger history can put things in perspective and calm us down before we make a mistake. It is said that history doesn't repeat but it does rhyme. If we take a broader view of the past, we will see times that played out in a similar way as our current situation. History is not a precise indicator of the future but a good teacher to remind us that uncertainty is constant and anything --good or bad-- won't last forever, despite what our recency bias would have us believe.

Remind yourself that your plans for the future are more meaningful than the urgency of today. Ask yourself if any changes you want to make serve the ultimate goal. Proper investing requires extreme patience, not quick action, so be ready to slow down and weather some storms along the way. And by the way, we did make it to the park that day.