

5 Avoid anchoring bias.

Anchoring is your brain's tendency to focus on the first piece of information it receives and use it to make subsequent decisions.

Anchoring can affect big financial decisions by causing you to fixate on a single data point— like the price you paid for your house or a recent stock price spike— and disregard other information about value.

The best defense is to **think critically** and to **seek multiple perspectives** on the value and future potential of your investments.

