

## ABSTRACT

*The capital market is a means for investing for investors and companies to obtain funds from the public which can play a role in increasing national economic growth. However, several things are constrained and cause no significant effect of behavioral factors, namely overconfidence, herding, and loss aversion on stock investment decisions on the Indonesia Stock Exchange (IDX). One of the obstacles is that investors need to understand their financial risk tolerance and have a clear financial plan to realize. Therefore, the gap between overconfidence and investment decisions becomes a research gap in this study.*

*This research gap can be bridged by understanding financial risk tolerance which is associated with financial planning that investors want to realize. The variable bridging this is a novelty and at the same time a mediating variable in this study, which is a synthesis of Prospect Theory and Plan behavioral theory. The research uses data from 230 respondents from individual investors who invest in the Indonesian stock exchange and has been collected using a questionnaire with the non-probability sampling method, a structural equation model using AMOS 26 software to assess the relationship. The variables used in this research are overconfidence, herding, and loss aversion as independent variables, risk tolerance based on financial planning as mediating variables, and investment decisions as dependent variables.*

*The results shown in this study show that overconfidence has an indirect effect on investment decisions through risk tolerance based on financial planning, which means that it has a mediating role and at the same time proves that risk tolerance based on financial planning bridges the gap between overconfidence and investment decisions. In addition, herding and loss aversion variables positively affect investment decisions through risk tolerance based on financial planning. The practical implication of this study is that individual investors, financial advisers, financial analysts, and financial planners who have overconfidence, herding, and loss aversion behavior must always consider the use of risk tolerance based on financial planning to improve investment decisions for the better.*

*Keywords: Investment Decision, Overconfidence, Herding, loss aversion, risk tolerance based on financial planning, Behavioral Factors.*