

## Even the Titanic Swerved

Over 101 years after the tragic event, the sinking of the RMS Titanic still holds a fascinating place in world history. The various educational and historical television channels frequently highlight events surrounding the disaster, and numerous movies have been made to recount the event. It could be safely said that this one event has held a significant place in historical interest for generations.

Why? Probably because of the fact that the Titanic was considered to be unsinkable. Even Phillip Albright Franklin, who was the head of the White Star Line in New York City, was quoted as saying the Titanic was, “Unsinkable, and nothing but inconvenience will be suffered by the passengers”. This was quoted after Mr. Franklin’s learning of the Titanic’s fateful collision with the iceberg.

There are many important parallels that may be drawn between the Titanic and financial planning.

First, never assume something is too big to fail. Corporations and governments are put together by people, and people are prone to human error. When investing in corporate stock or bonds or in a government’s Treasury bond, always anticipate an exit strategy. Things change. Circumstances dictate outcome. While the Titanic was built to be unsinkable, no one expected it would be driven into a rock at high speed. Anticipate that a corporation or government entity could fail under the right circumstances and plan for it. There are ways to plan for an exit of an investment.

Second, don’t put your investment on “auto-pilot”. Investing and financial planning is a journey and as such, the navigation needs to be continually adjusted to account for obstacles and unanticipated events. Whether it involves an investment, bank account, or an estate plan, there’s always an “iceberg” somewhere off in the distance.

Third, hire a good crew and do the necessary preparation. Before the Titanic pulled away from the dock, she had a trained staff that could keep her underway, watch the horizon for storms, operate the radio and other equipment, and most importantly keep the journey as smooth as possible for the passengers. When tragedy occurred, these trained individuals worked tirelessly to save lives where possible. Investing and financial planning involves many steps and moving parts. Take the time to hire the best, and if you find you have someone on your team that isn’t focused on the same goal as you, fire them and hire someone who does! Your future may depend on that one person’s observation and action.

There are many possible other comparisons and observations we could make regarding the Titanic and financial planning. Probably the most important single observation is that even the Titanic swerved when faced with impending disaster. While not sufficient to save the ship, we can only assume this action saved many lives that would have otherwise been lost. The Titanic could not have swerved on its own. It required a team of trained staff and observers acting

despite the instructions of an over-confident captain and arrogant builders who believed their vessel indestructible. An individual engaged in investing and financial planning need only consider the judgment errors made on the famed ocean liner to recognize the many things that—if allowed to be done over—would produce much different results.

Do you have the ability to swerve in your investment and financial plan? Some of the most destructive financial events seemed insignificant from a distance. What's that peaking over your horizon?

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