# Stay On Course When Flying and Investing

By Jim Mirenda, CFP®

In January, a plane full of passengers accidentally flew to the wrong Missouri airport. Realizing that they were landing on a shortened runway, the pilots slammed on the brakes to avoid going over a cliff. Apparently, they had seen the wrong airport on that particularly clear night and assumed it was the one they had set out for. The pilots were not focused on using an established process to guide them, including their flight plan, instruments, and checklists. Instead, they trusted their emotions and guessed. This was a mistake.

The passengers were given no warning and heard nothing from the crew until after they had skidded to a halt. By then, they had barely escaped a disaster. The passengers probably would have preferred to hear from the pilots, stating that they had gone slightly off course but that they were making the necessary corrections. They would be a little late, but they would land safely and at the right airport.

Unfortunately, people often make comparable mistakes with their investments and their financial plans. They seek validation of a prior prediction, then focus solely on that prediction while disregarding any warning signs telling them that something needs correcting. For example, when assets go up in value, some get overconfident and assume that prices will continue to climb. They usually don't consider that an objective plan, based on their specific goals, may be telling them it's time to take less risk and not more.

Managing a financial plan for your family and flying a plane have some similarities. Your destination should be determined ahead of time, but your path should be flexible enough to make adjustments when necessary. Also, consistently and objectively monitoring your progress is essential so that small corrections can be made versus emergency measures that may jeopardize your future. This is what we trust airline pilots to do. Many investors trust their financial advisor to do the same. However, it's usually not until after a crisis that they find mistakes were made or that warning signs were ignored.

During your lifetime you need to be informed of the progress toward your family's financial goals so that you can make the necessary adjustments along the way. Under this scenario you are in control, not somebody else. For example, wouldn't you like to know today that you can slightly modify your savings so that you can retire at your ideal age? Or would you rather be ten years older and learn that you don't have enough to live the retirement that you want? By then it may be too late to make any small corrections, so you head back to work. That's a retirement crash landing that could have been avoided, perhaps without any real discomfort to your current lifestyle.

In the absence of an objective process, investors may fall victim to the vagaries associated with sales pitches, other people's biased predictions, and their own emotions. Actions based on anything other than an objective view of your family's goals are misguided. And making market predictions, which are really just guesses, is simply dangerous. My advice will always remain the same. Focus on your plan, your goals, and on the things that are within your control.

Jim Mirenda, CFP®
WEALTHCAREVT

*To better understand the nature and scope of the advisory services and business practices of Wealthcare Capital Management, Inc., please review our SEC Form ADV Part 2a, which is available* [**here**]*. Past performance is not a guide to future returns. Before acting on any analysis, advice or recommendation in the above content, you should seek the personalized advice of legal, tax or investment professionals.*