FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

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How to Fight Entropy

Due to a recent injury, I've been doing physical therapy and reading a lot about how my joints and connective tissue work and how to prevent injuries. It got me thinking about how to fight entropy (i.e., deterioration, decay, decline, degeneration). By "fight," I mean *delay*, because as the Second Law of Thermodynamics states, entropy will always increase over time. Eventually, everything will fall apart: your body, house, car, possessions and wealth. Entropy will destroy even intangible things like your relationships, memories (your own and other people's memories of you) and legacy. As one of my friends once poignantly pointed out to me, the vast majority of people (unintentionally) "leave no trace" that they were ever even alive, and are generally forgotten by even their own family within two or three generations.

In this issue, I'm going to focus on how to delay entropy for tangible objects. First, you need to think long-term. Instead of doing what's the cheapest or most convenient, ask yourself, "Will I (and my heirs) be able to use and enjoy this decades into the future?" I used to see ads by Swiss watchmaker Patek Philippe that encouraged one to buy a watch that you could pass on to the next generation. I don't know if their watches would allow you to do that, but I like the idea. So before you buy something, pause and think about how likely it is that it will still be in service many years into the future.

Second, examine a product's warranty, which is what the company thinks about its own product. But you also have to keep abreast of recent feedback about the manufacturer's willingness to stand behind its products and honor its warranties. Due to outsourcing, offshoring, buyouts, intergenerational transfers, the decline of skilled labor and the rise of incompetency, once-storied brands (such as USAA insurance or Thorlo socks) are now mere shadows of their former selves. I've also heard that premium brands such as Mont Blanc (pens) and Mercedes simply refuse to honor their warranties.

Further, invest in things made from quality inputs that are built to last, have few moving parts (which can break) and require little or no maintenance (such as precious metals...Ha-ha!). As an example, when we built our house, we decided to put a metal roof on it. Not only did it look good, its life expectancy was much longer than that of shingles. Skew your purchases towards companies that have a stable platform and have stood the test of time (such as Toyota). Until recently, China was the world's factory, so it has never been harder to find products made with quality inputs, though I think that's changing.

Additionally, you need to learn how to maintain the things you have, and actually spend the time and effort to maintain them. As I age, I'm learning that this is becoming painfully (!) apparent with my own body. I need to step up my game when it comes to movement, posture, nutrition, hydration, exercise and sleep. I need to lift heavy weights, do some sprints, and go to those yoga and water aerobics classes. I must reduce the size of my tsundoku and increase the size of my Books Read list. These days, the knowledge is available, we just need to make the time to internalize it.

Finally, don't forget to maintain systems that quietly and automatically work in the background for years but that can suddenly fail, causing catastrophic damage: your heart (and blood pressure), septic tank, that index fund you own that is now heavily weighted towards Nvidia (due to its $4 billion market cap), your body that you've been feeding sugar for decades (which cancer cells feast on), your roof, etc. Maintenance isn't sexy, but as my dad used to say, “If you take care of your equipment, your equipment will take care of you.”

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