

# Top Ten Financial Planning Mistakes

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## 1. Ignoring Disability Insurance:

Everyone has life insurance, but disability insurance is equally important risk protection that protects your largest asset: your ability to earn a living and generate income to support your family.

## 2. Carrying Credit Card Balances:

Credit card interest is a sucker's game, with high interest rates and non-deductible interest charges that is hard to win. Pay-off your entire card balance each month or get rid of them.

## 3. Failure to Maximize the Employer Match in a Company Retirement Plan:

The employer match represents free money, a 100% return on investment and additional compensation. Make room in your budget for this free money and build a larger retirement nest egg.

## 4. Not Having a Will or Power of Attorney:

It is parental malpractice to have minor children and not possess a will that names a legal and financial guardian for the children. Not having a will at any stage in life can be fraught with unintended consequences, including needless death tax and disinheritance.

## 5. Not Paying Yourself First:

You are responsible for own financial future. Delaying gratification by saving a meaningful portion of your earned income toward your future goals is good financial behavior.

## 6. Spendthrift Behavior:

Wasteful spending and unconsciously consuming more than you earn is dangerous financial behavior. Tracking your expenses using a budget system that works for you is the important first step to gain control over your finances.

## 7. Failure to Diversify Your Investments:

Owning three large cap stocks funds is not diversification. Neither is a multi-bank CD portfolio. Hire someone to show you how to invest successfully on a diversified basis to meet your long-term financial goals with tolerable risk.

## 8. Taking a Fifteen-Year Home Mortgage:

Most people can't afford to repay a fifteen year mortgage and still meet their savings goals. Take a longer term fixed rate mortgage and prepay to reduce debt faster and create cash flow flexibility.

## 9. Not Completing the FAFSA Form:

Scholarships, loans and work-study are all tied to filing the financial aid form on a timely basis. The form is free and easy to complete.

## 10. Incorrect Beneficiary Forms:

Your will does not determine who inherits your life insurance, IRA or retirement plans - the names listed on your account beneficiary form prevails. Old and carelessly prepared beneficiary forms can lead to an unintended disinheritance of loved ones.

## 11. BONUS - No Financial Plan:

Not having a financial plan is a plan - just a bad one and a recipe for failure. Get professional help to sort out the important financial decisions that you must make well to live the fullest life possible.