

Have You Made Any of These Financial Mistakes?

As people move through different stages of life, there are new financial opportunities — and potential pitfalls — around every corner. Have you made any of these mistakes?

YOUR 20S

- 1. Living beyond your means.* It's tempting to splurge on gadgets, entertainment, and travel, but if you can't pay for most of your wants up front, then you need to rein in your lifestyle, especially if you have student loans to repay.
- 2. Not paying yourself first.* Save a portion of every paycheck first and then spend what's left over, not the other way around. And why not start saving for retirement, too? Earmark a portion of your annual pay now for retirement and your 67-year-old self will thank you.
- 3. Being financially illiterate.* Learn as much as you can about saving, budgeting, and investing now and you could benefit from it for the rest of your life.

YOUR 30S

- 1. Being house poor.* Whether you're buying your first home or trading up, think twice about buying a house you can't afford, even if the bank says you can. Build in some wiggle room for a possible dip in household income that could result from leaving the workforce to raise a family or a job change or layoff.
- 2. Not saving for retirement.* Maybe your 20s passed you by in a bit of a blur and retirement wasn't even on your radar. But now that you're in your 30s, it's essential to start saving for retirement. Start now, and you still have 30 years or more to save. Wait much longer, and it can be very hard to catch up.
- 3. Not protecting yourself with life and disability insurance.* Life is unpredictable. Consider what would happen if one day you were unable to work and earn a paycheck. Life and disability insurance can help protect you and your family. Though the cost and availability of life insurance will depend on several factors including your health, generally the younger you are when you buy life insurance, the lower your premiums will be.

YOUR 40S

- 1. Trying to keep up with the Joneses.* Appearances can be deceptive. The nice lifestyle your friends, neighbors, or colleagues enjoy might look nice on the outside, but behind the scenes there may be a lot of debt supporting that lifestyle. Don't spend money you don't have trying to keep up with others.
- 2. Funding college over retirement.* In your 40s, saving for your children's college costs at the expense of your own retirement may be a mistake. If you have limited funds, consider setting aside a portion for college while earmarking the majority for retirement. Then sit down with your teenager and have a frank discussion about college options that won't break the bank — for either of you.
- 3. Not having a will or an advance medical directive.* No one likes to think about death or catastrophic injury, but these documents can help your loved ones immensely if something unexpected should happen to you.

YOUR 50S AND 60S

1. *Raiding your home equity or retirement funds.* It goes without saying that doing so will prolong your debt and/or reduce your nest egg.

2. *Not quantifying your expected retirement income.* As you near retirement, you should know how much money you (and your spouse, if applicable) can expect from three sources:

- Your retirement accounts such as 401(k) plans, 403(b) plans, and IRAs
- Pension income from your employer, if any
- Social Security (at age 62, at your full retirement age, and at age 70)

3. *Co-signing loans for adult children.* Co-signing means you're 100% on the hook if your child can't pay, a less-than-ideal situation as you're getting ready to retire.

4. *Living an unhealthy lifestyle.* Take steps now to improve your diet and fitness level. Not only will you feel better today, but you may reduce your health-care costs in the future.

We're here to help! [Contact Sentinel Benefits & Financial Group](#) for the guidance you need.

This article is not intended to be exhaustive nor should any discussion be construed as legal or financial advice.
