



A Guide to the 20 Common Mistakes People Make with their Finances

In this guide we list 20 common mistakes that people make with their finances.

These might seem like obvious mistakes but you would be surprised how easy it is to make them! By avoiding these pitfalls you could make a positive change to how you manage your finances.

1. Not living within your means. This can be very costly. Acquaint yourself with your own expenditure.
2. Failing to work out your goals in life. Goals take time to plan for. Don't wait until it is too late.
3. Not realising until it's too late how important it is to make sound financial plans - and stick to them.
4. Using debt to fund lifestyle purchases rather than live within your means. Debt makes money - for other people!
5. Thinking short-term without appreciating the longer term. Some life goals, like providing for 40 years of retirement, cannot normally be provided for in the 2 years before!
6. Assuming that you'll live forever, never get ill, have an accident or have to take time off work unpaid, therefore not making any contingency plans. No one is bullet proof.
7. Thinking that the state will provide you with a pension sufficient to live on in your retirement. State pension should be considered as the absolute minimum to start from.
8. Investing into areas/assets that you do not understand. If you don't understand it, don't invest into it. Take advice!
9. Thinking that only wealthy people need to plan their finances or get professional advice. Everyone needs to plan, no matter what point they are starting from.
10. Not considering the impact of rising prices (inflation) on your finances. Inflation is the silent enemy.
11. Failing to make plans for what happens to your assets after you die.
12. Not making a Will. The laws of intestacy (dying without making a will) may mean the state inherit your estate.

13. Leaving it too late to save or plan for your retirement. Planning requires time. Time provides investments and savings the potential to compound returns.
14. Failing to 'diversify' your investments. What proportion of your total 'net worth' consists of property assets for example?
15. Following the latest investment 'fashion' rather than building a sensible, well diversified investment portfolio.
16. Keeping money on deposit? Sticking with the same account year after year could be costing you dear.
17. Are you spreading your deposits between different financial institutions to avoid any problems in the unlikely event of a bank collapse?
18. Waiting until the end of the tax year before using your ISA allowance. Get the full year's use and save tax now!
19. Taking interest generated from your deposit account to supplement your income? Remember to take inflation and tax into account to work out how much is safe to take. You might be surprised to find it's a negative number!
20. Buying/investing when markets/prices are high and selling when they are low.

If you wish to make a positive difference to your finances, please feel to **call us** on **01626 833225** to find out more.

Loughtons Independent Financial Advisers is a trading name of JPRS (South West) Limited. JPRS (South West) Limited is authorised & regulated by the Financial Services Authority.

© Loughtons Independent Financial Advisers