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FINANCIAL FOCUS



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Five Common Financial Mistakes

Even the most business savvy among us are not infallible when it comes to our finances. Often times we don't research available options in our personal financial lives with the same amount of care we use in our professional lives. This can lead to costly mistakes that you only uncover after it becomes too late to fix. Read on below to learn five common mistakes anyone can make.

1. **Selecting the Wrong Pension Option** – Employer-sponsored pension plans often have strict guidelines and requirements for how and when changes can be made, if ever. Before making any kind of decision it is imperative that you meet with your plan administrator and that you understand all of the available plan options. It can also be a good idea to review your options with a financial professional who can assist you in making the right choice for your specific needs.
2. **Joint Assets** – It is common practice for most married couples to own their assets jointly. It can simplify a couple's finances, minimize state taxes, and in the event of the death of one of the joint owners it can avoid the asset falling into probate. However, there can also be some drawbacks to joint ownership. Either party is free to withdraw or sell their interest in a jointly owned account without the consent of the other. Adding a joint owner to one of your assets can sometimes constitute a gift and leave you susceptible to gift taxes. In certain situations it can also negatively affect your Medicaid eligibility.
3. **Underinsured Homes** – Many people who believe their insurance covers the full replacement of their home in the case of total loss may be surprised to find this is not the case. Often time the homeowner's insurance policy only provides extended replacement costs which covers up to 120% of the policy's face amount, rarely enough to cover the costs associated with rebuilding a home. Become familiar with your policy and the circumstances and payout amounts.
4. **Non Work Related Disability** – Many people have plans in place and money saved for their eventual retirement or even in case of their death, but very few have money saved in the event of disability. It is an ever-present danger that an accident or illness will take you out of commission and make it impossible for you to work for an extended period of time. It's never too early to start saving – just in case.
5. **Saving For Your Children's Education Rather Than Your Own Retirement** – Little in life is more important than a college education. However, you should never save for your children's education at the expense of your own retirement. Don't be afraid to meet with your financial advisor and let him or her know your priorities. They will work with you to establish a sound financial plan that will take into account both you and your children's futures.

Interested in starting a financial plan today? Contact Scott Gunn with LGT Financial Advisors at 214-461-1539 or by email at sgunn@lgt-fa.com for a consultation.

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