



Helping Employees Make the Most of Their 401(k)/403(b) Plans

Most Common Roadblocks on the Road to Building Wealth

Seven Biggest Money Mistakes

Many Americans will never reach their dreams of building wealth, being financially secure, and being able to retire in comfort. The reason is most often a combination of these seven biggest money mistakes.

1. **Having a Thirty-year Mortgage**

Where do you find the money to build wealth? Try looking at your mortgage. Millions of Americans think nothing of paying for their home over 30 years, even though the average homeowner ends up paying two-and-a-half times the purchase price of the home by stretching the payments out this long. Having a 15-year mortgage instead of a 30-year mortgage can save you large sums of money and help you build wealth. See page two of this article for examples of how you may be able to save over \$100,000 over the life of your mortgage.

2. **Giving Control of Your Money to Someone Else**

If you're not involved in your day-to-day family finances, you're putting yourself at risk.

If you're married and you let your spouse handle all the financial matters, you're at risk if your spouse dies or becomes seriously ill or if you divorce. Know the details of your family's finances, investments, debts, retirement savings, etc. Don't turn your investments and financial affairs over to a broker or financial consultant without keeping abreast of what is being done with your money and being involved in investment decisions. Never give control of your money to someone else.

Chas. P. Smith & Associates, PA, CPA's
1509 South Florida Avenue, Lakeland, FL 33803
Telephone (863) 688-1725; Fax (863) 688-0692
www.my401kpilot.com
email pgolotko@my401kpilot.com

3. Not Controlling Spending Leaks

The reason so many people in America are in so much debt is because they dribble their money away in small, barely noticeable amounts. Like drops of water dribbling through the hole in the dike, the loss is barely noticeable, but over time the hole in the dike gets bigger and bigger. By the time the water is gushing through, the damage is done. The same is true with spending leaks. It's a lot easier to plug a small hole than to ignore the drips and look over your shoulder later and see a huge tidal wave of water coming your way in the form of unmanageable debt. If you're ever going to accumulate wealth, you must control spending leaks.

4. Not Setting Goals

If you don't know where you're headed and how you plan to get there, you'll probably never arrive. To accumulate wealth, you need a plan. To be motivated to save money, you need something specific for which to save. To succeed in accumulating wealth, write your goals down and visualize them, whether its a relaxing retirement, a mortgage-free home, or an unforgettable vacation.

5. Incurring Too Much Debt

If you're spending all your money paying interest on credit cards and installment debt, you won't have enough left for savings. When you buy on credit and don't pay the balance off at the end of the month, you end up paying much more for your purchases. A \$1200 big-screen TV can end up costing you \$2500, but you'll never know it because the true cost is hidden in your credit card payments. Pay cash and stay away from credit card debt if you want to accumulate wealth.

6. Not Saving Enough for Retirement or Starting Too Late

When you're in your 20s and 30s, it's easy to think you have all the time in the world to accumulate wealth and save for retirement. The truth is, you'll have to save a lot less if you start now and give your earnings time to compound. If you're over 40 and you're behind on your retirement savings, you'll have to save much larger sums to ever catch up to where you should be. Start saving early, and save at least 10 to 15% of your income, and you'll be well on your way to accumulating wealth.

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7. Cashing Out Retirement Funds

Half of all Americans end up cashing out their 401(k) balances when they change jobs. Still others take out loans against their 401(k) balances, permanently reducing the amount of earnings they would have accumulated. If you want to accumulate wealth, tax-deferred retirement plans like 401(k) plans are a great way to do it, but resist the urge to tap those funds before retirement.

Avoid these seven money mistakes and increase your chances of successfully accumulating wealth.

Call for a free half-hour analysis of your retirement account.

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