

The Ten DUMBEST Things You Can Do With Your MONEY

We love to share good information about the smartest ways to manage your money. We also like you to know the really dumb things to avoid doing when making those important decisions about how to spend. Adapted from an article in the July issue of Money magazine is a list of the 10 DUMBEST things you can do with YOUR bills and coins:

1. Putting all your eggs in your company's stock. If the business falters, your retirement plan could fall off along with it. Limit company stock to 10% of your portfolio.
2. Cashing out your 401(k) when you leave your job. Not only will you pay a 10% penalty and income taxes, but you'll also lose out on future tax-free growth.
3. Saving for your children's college education at the expense of fully funding your 401(k). Your kids can always take out loans, but you won't be able to borrow for your retirement.
4. Buying tax-free bonds and variable annuities for your IRA. It's like wearing a poncho and carrying an umbrella, only worse. You get no extra tax benefit from the annuity, and the bonds' interest will end up being taxed.
5. Stretching out loan payments. If you take a 40-year mortgage or a six-year auto loan, you'll build equity too slowly, and pay more interest over the life of the loan.
6. Applying for more than two credit cards. You'll damage your credit score while increasing your temptation to run up balances.
7. Buying life insurance on your kids. If your kids don't support the family, they don't need insurance.
8. Getting a tax refund. It's an interest-free loan to Uncle Sam. Use the calculator at www.irs.gov to adjust your with-holding so that you can keep more cash each month.
9. Photocopying your resume at the office instead of at Kinko's. Ask yourself if the money you're saving by copying it at the office is worth the risk that you'll a) have a paper jam; b) run into your boss; or c) leave your original in the machine.
10. Prepaying for a full tank of gas when you rent a car. You're buying gas for the rental agency. Just fill it up yourself just before you turn it in. Much cheaper that way.

– Bill and Mary Staton
<http://statoninstitute.com>

