TOP 5 MONEY MISTAKES

Budget	Planning
House	Food
Car	Health
Education	Insurance
Travel	Bills
Shopping	Savings

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Sometimes it seems like the financial part of our lives is the most challenging area in which to succeed.

There's always something that moves us backward instead of ahead toward a bright financial future. Maybe it's some unexpected medical expenses. Perhaps the car needs major repairs. Even when we're happy, healthy, and have a great car, we might suddenly find ourselves in between jobs! Isn't that the way it always seems to turn out?

If that sounds like your usual circumstances, then you'll be glad to know good news is on the horizon!

According to financial experts, most of us tend to make several major financial mistakes that hold us back. ***If you could just avoid those mistakes, think how much easier your life would be!*** You could sail on the wings of financial success instead of feeling like you're wallowing in the mire.

In this report, you'll discover what these 5 common mistakes are and learn helpful tips on how to avoid them. Put these strategies to work for you and reap the benefits!

"That money talks, I'll not deny, I heard it once: it said, 'goodbye'."
~Richard Armour

Mistake #1: Having No Financial Plan for the Future

When it comes to financial planning, many people have no plan. Maybe it's something we just don't think about. We tend to have very general dreams like, "One day I'd like to pay for my kid's college education. One day I'd like to retire."

But without taking the time to set a timeline for these goals, it's very hard to accomplish anything.

Typically, when individuals initially meet with a financial planner, one of the first things they'll do is put together a long list to answer the questions, "What does your financial future look like? What are your financial goals for the next year, 5 years, 10 years, and 20 years?"

When you actually write down that information and start look at it, it helps you do these 5 important things:

1. **Identify financial areas which you need to research.** Financial planning isn't something to take lightly. ***Figure out your spending patterns, savings plan, and investment goals.***

- Do you have children you want to send to college? Do you have a retirement plan through work or are you setting up your own plan? Do you want to purchase some stocks and bonds?

- Once you answer some of these important questions, it’s time to do your research. Figure out what types of accounts would be most beneficial for you and your situation.

- Some things to consider are your age, the amount of money you can invest, the level of risk you’re willing to take, and the taxes associated with different accounts.

2. **Set specific financial goals for the future.** Once you've done your research, it’s time to set some financial goals to get you focused and ready to move ahead.

   - Put these goals in writing and in a place where you can refer to them often.

   - Consider reassessing your goals at least once a year, just in case you've had any major changes in your life that would require adjusting or eliminating a previous goal or adding a new one.

3. **Begin putting money aside in order to reach your goals.** Once you have your financial plan in place, ***take action and start saving.***

   - Setting goals is great. But if you’re not following the plan, you’re wasting precious time. College and retirement might seem distant, but time goes fast and now is the time to start setting money aside.

   - It’s very easy to get into the habit of procrastinating. Many people make excuses and say money is tight this month, so they'll put money into that account next month. Guess what? They say the same thing next month too. Avoid this pattern!

4. **Motivate yourself to stay the course.** Once you see "the big picture" of your financial future, you’ll probably feel a little overwhelmed at first. But more importantly, you should start to feel excited and motivated to reach your goals.

   - Who wouldn't sleep better at night knowing their financial future is all planned out and looking bright? ***Imagine how good it will feel to get monthly or yearly statements on your accounts and see how your money is accumulating.***

   - Seeing positive outcomes will keep you motivated to continue on the path to financial success.

5. **Get out of debt.** By the time some individuals go to see a financial advisor, it’s because they’ve already gotten themselves into debt and are seeking advice on how to get out.

   - If you’re in debt, you probably aren't in any financial position to be saving for college or investing in the stock market. But where will this leave you in the future?

- Maybe you're barely keeping a roof over your head. Are you wondering what you can do to make your situation better?

- Let's say you have a mortgage. Most homeowners just go on autopilot to pay it off. But what if you want to pay it off faster? Go to *Bankrate.com* and use their mortgage calculator. It's a free online tool to help you figure out some other options.

- Using this tool, you can start pondering questions like, "If I save an extra $100 a month and put it towards my mortgage, how much faster will I get out of debt? How much interest will I save?"

- You'll begin to see the difference between a dream and a goal. If you're just daydreaming, "One day I'd like to get out of debt," you may never get there. But if you actually write down, "I'd like to be debt-free in 15 years," it gives you a chance to start figuring out how to get there.

When you put together a financial plan, try and stick with it for the rest of your life. Adjust it as needed, but stay with it. It's not something you just do once and forget about. Many individuals are naturally focused on the short term. That's fine, as long as you're also considering the future.

Consider these 3 time frames for your savings and investing goals:

1. **Short-term goals.** Your short-term goals are the financial issues you want to address between now and the next 3 years. This is the time to:

    - Purchase a vehicle and obtain insurance coverage for all areas that apply (car, home, health, and life).

    - Establish good credit by paying off your student loans, being on time with your current bill payments, and not getting into debt.

    - Create a plan for savings, investments, and retirement, as well as an emergency fund.

2. **Intermediate goals.** Your intermediate goals are those you plan to address in 3 to 10 years. During this time, you might want to:

    - Set aside money if you plan to get an advanced degree.
    - Plan for wedding expenses and a down payment on a home.
    - Prepare for the expenses associated with the birth or adoption of a child.
    - Assign someone as your power of attorney and draw up a will.
    - Increase the amount of money you're saving and investing, if at all possible.

3. **Long-term goals.** Your long-term goals involve your financial outlook in 10 years all the way until retirement. Options like these might be in your long-term goals:

- Start a fund, such as a 529 Plan, to provide for the college education of your children.

- Continue paying into your retirement accounts and make housing and other plans for your retirement years.

- Plan to support aging parents and make considerations for long-term health care for them as well as for yourself and your spouse.

- Meet with your financial advisor to discuss finances 3 to 6 months before you retire.

Once a year is a good checkpoint to ensure things are on track with your financial plan. It's like seeing your doctor once a year for a checkup. If you do this, it prevents any major issues from coming up.

The best way to plan for your financial future is to create the plan and then check up on it regularly. Stay on track and you'll be glad you did!

"Thoughtful financial planning can easily take a backseat to daily life."
~Suze Orman

Mistake #2: Living Outside Your Means

Here in America, we live in a culture of spenders. Unfortunately, we are much less a culture of savers. Are you spending 100 percent of your income each year as well as splurging on credit card purchases? If so, you're not alone.

However, if you are spending beyond your means, you are probably having quite a bit of trouble putting money aside or sticking to any sort of financial plan.

Financial goals are based on saving money. If you're not able to save at least part of your income each month, it's hard to get anywhere.

It's hard to fix an issue until you can identify what the issue is. Therefore, start keeping track of your spending and how it relates to your income. ***If you're lacking a monthly budget, that's something you should put together as soon as possible***.

If you're having a difficult time figuring out your spending patterns, here's an idea. Take one of your credit cards, if you have one, and charge *all* of your spending for the month on that one card.

When you get your account statement at the end of the month, go line by line and look at what you're buying. See if there's anything you didn't realize you were spending, such as $100 a month on weekend entertainment.

Here's an example called "the latte factor." If you buy a latte each day, you spend approximately $5 per day. This adds up to about $150 a month. Wouldn't you be better off saving that money or using it to reach one of your financial goals?

You can really make a difference by fixing those spending habits in your budget. ***Once you have an idea of what you spend per month, you can start to identify some cost-cutting measures.***

Try these ideas to cut costs to live within your means:

1. **Refinance your mortgage or auto loan.** Many consumers are paying a very high interest rate on their mortgage or car loan. If that applies to you, then maybe it's time to refinance.

   - If you plan to stay in your home for at least a few years, it might be well worth looking into refinancing your home at a lower interest rate.

   - ***While refinancing a home is widely popular, many aren't aware you can also refinance an auto loan.***

   - Are you spending way too much each month on your car payment? Do you keep telling yourself your next car has to be cheaper? Have you thought about selling your car and downgrading to something less expensive? If any of these apply, think about refinancing.

   - With today's lower interest rates, anyone who financed a car a few years ago could possibly find a loan with a lower interest rate. Just check the terms of your current loan to ensure there are no penalties for such action.

2. **Reduce your credit card debt.** Many credit cards companies charge astronomical interest rates, especially if you have a less than perfect credit score. This can greatly impact your ability to ever get ahead, or even stay afloat financially.

   - ***Call your credit card companies and try to negotiate lower finance charges or inquire about a balance transfer from a higher interest card to a lower one.***

   - Start paying down your credit card debt as quickly as possible. Always start by paying the debt with the highest interest rate first. You have no idea how much money this will save you in the long run.

3. **Food expenses.** Dine out or eat at home? Many of us like to eat out at restaurants. Some of us are not fond of grocery shopping or cooking, which is why eating out can be appealing.

   - Have you ever kept track of how much money you spend each month by eating out? If you did, you'd probably be surprised at how quickly it adds up. Keep in mind you're probably over-paying for the food, as well as paying for the service, when you eat out at a restaurant.

- Designate a certain number of days each month for eating out and stick to the plan. Imagine if you could save one or two hundred dollars per month just by eating out less.

- There are many advantages to preparing your own food. You can buy just the amount you require. Therefore, you're not paying for overpriced food or wasting costly leftovers. When you shop for food on your own, you can save money by purchasing items on sale, using coupons, selecting generic alternatives, and buying non-perishables in bulk.

- ***You can greatly reduce food expenses by cooking meals at home and making lunches to bring to school and work.***

4. **Entertainment spending.** Everyone needs a little fun and entertainment in their lives. But sometimes things which are fun can be costly. The goal is to find cheaper ways to be entertained.

    - If reading is your chosen form of entertainment, refrain from paying bookstore prices. Instead, utilize your library card for free. You can check out books in various formats including hardcover, paperback, audio, and even eBooks.

    - A night at the movies can be a very expensive venture. The tickets are pricey, but the concession stand is downright outrageous. If you must go to the movies, then look online for discount tickets or special offers.

    - If you're not in a hurry to see a particular movie at release, why not rent movies from Redbox or Netflix instead? You can have as many viewers as you want watching for the same price and you can provide much cheaper refreshments.

5. **Household costs.** There are many different expenses associated with your home. Some of these expenses are necessary and some are a luxury. ***Assess your current household expenses to see where you can cut costs.***

    - Some of the expenses that come along with living in the digital age include cable television, phone (including cell phone), internet, video gaming, and other online-related services. Ensure you are signed up for the most economical plans available.

    - Regarding phone services, did you know you can recycle old cell phones on *yourenew.com*? You can earn an average of $65 cash back for recycling two cell phones. If you want to keep a "land line" but want to greatly lessen the expense, you might want to consider a service such as magicJack or Vonage.

    - Energy costs are another area of concern. Change your furnace and air conditioner filters regularly. Weather-strip drafty doors and windows. This will cut down on your energy costs for the winter. To save costs in the summer, install ceiling fans so you can circulate the air and use less air conditioning.

- To save on electricity costs, shut off lights and other electronics when they're not in use. Open your drapes during the day to take advantage of natural light. You can also use energy efficient light bulbs at night.

- Confirm you're getting the best possible insurance rates. You might be able to choose a higher deductible on your car or home owner's insurance. ***See if you qualify for any discounts for a good driving record or for multiple policies.***

- Save money on your water bill by taking shorter showers and not running the water while you brush your teeth. Install a faucet aerator to reduce water flow without reducing pressure. Instead of washing dishes by hand, run only a fully loaded dishwasher.

Cutting costs may not be necessary when you're single and most of your income is discretionary. It's quite another matter when you're married with children and most of your money is tied up in monthly expenses and taking care of a growing family.

Here are some final tips for saving money and staying within your budget:

- ***Start by trying to save a little bit of money each day***. Try to save $1, $2, or $5 per day, whatever you can manage. By the end of the month this daily savings will really add up.

- It's really scary to think, "I need to save $300 a month for my retirement. Where is that money going to come from?" But it really just comes down to $10 a day, which most of us could set aside.

- There's a good online budgeting website called *Mint.com*. It's a free tool you can access on your computer or with their smartphone app. It's a way to track your spending and set budgeting goals. The website also offers you advice on what you can cut from your budget as you are inputting items.

The sooner you can address your budget, the better. ***Once you have a budget set up and you learn to stick to it, you will find it much easier to live within your means.***

"Every young man should have a hobby. Learning how to handle money is the best one."
~Jack Hurley

Mistake #3: Not Having an Emergency Fund

An emergency fund is a pool of money you can easily access when something unexpected happens. ***Emergency funds should be used for major life events such as loss of a job, an illness, or a major expense needing immediate attention.***

It would be nice if life always worked out as planned, but it never does. When something unexpected happens, you could suddenly find yourself unable to pay your daily or monthly expenses.

An emergency fund is there so you have enough money to get you through this unexpected event and back into financial shape. ***Most financial advisors suggest an emergency fund contain 3 to 6 months of living expenses.*** Some even suggest saving up to a year's worth.

Many make the mistake of not setting up an emergency fund. It might be nice to think nothing bad will ever happen or you'll be able to deal with anything that comes your way. However, life is full of surprises and there's nothing worse than being blindsided by a tragic event.

Consider these points when starting your emergency fund:

- Saving for an emergency fund takes a bit of time, but it's one of the first financial goals you should work on.
- The question of whether your emergency fund should be 3 or 6 months' worth of expenses is a personal choice. It depends on the stability of your job as well as the risk you want to take.
- With a married couple where both spouses are working, 3 months is probably okay because if one spouse loses a job, the other one is usually still working. The same applies if you're working two jobs because, even if you lose one, you'll likely still have the other.
- If you're a family with only one income, you should save closer to 6 months of expenses.
- ***A good emergency fund should only focus on paying your necessary expenses during a financial hardship.*** These expenses include rent or mortgage, utilities, car payment, insurance, groceries, and possibly money you owe in loans or credit card bills.
- Luxuries such as vacations and home improvements should not be taken into consideration. These expenses can be delayed until your financial crisis has passed.
- Try to save $200 or $300 a month and put it aside in a bank account or a certificate of deposit. In about a year or so, you should have enough money for your emergency fund.

Perhaps you've never thought about an emergency fund. Or maybe you didn't know how to start one.

There are many ways – both traditional and creative – to build your emergency fund:

1. **Set a goal for starting your emergency fund.** After you decide how much you spend each month and how many months you want to have saved in your emergency fund, it's time to break it down.

    - Figure out how much you can contribute each month. Then you'll know how long it will take to build up that amount.

    - ***It might be a good idea to set up automatic payments that take money from your main checking account and put it into your emergency fund savings account.*** When it happens automatically, it's one less thing for you to address.

    - Once you reach your goal amount, you can then decide if you want to build it further (the cost of expenses for another 3 to 6 months) or if you want to allocate that money elsewhere.

2. **Start small.** ***Even if you have little to save at first, that's okay.*** The important thing is to not delay any longer.

    - Maybe you'll only be able to contribute $20 per paycheck at the start. But that's better than nothing. Stay positive! Eventually, you'll be able to add more. As you see your emergency fund grow, you'll get motivated to try and save more.

3. **Check out your existing accounts and policies.** Some accounts and policies you may already have could assist you with setting up your emergency fund.

    - For example, if you have a 401(k) at work, many of these plans have a loan provision, which means you can borrow money from your account and pay it back without owing any tax penalties.

    - If you have this option, then go ahead and deposit your emergency fund money into your 401(k). Then you're saving for retirement as well as building your emergency fund.

    - There are a few ways to get creative with life insurance as well. If you have a life insurance policy that builds cash value, you could also put money directly into your policy because then you're buying more life insurance while also saving money you can access for your emergency fund.

4. **Contribute "wasted" money to your emergency fund.** ***It's estimated every household wastes at least 10% of its total income each month.***

    - Look for any possible "money leaks" in your budget. Watch your spending and live within your means.

    - Get your entire family involved by saving spare change. Find a jar or jug and put it in a central location. When family members arrive home each day, have them empty the spare change from their pockets or purses into the jug. At the end of the month, take the money and deposit it into your emergency fund.

5. **Use your dividend earnings.** Be certain your portfolio includes dividend stocks. ***Use the money you earn from those stock dividends to feed your emergency fund.***

6. **Save your tax refunds or bonus check.** If you're fortunate enough to get a yearly bonus at work or hefty tax refund, be smart with your money.

    - Instead of spending your bonus or tax refund on a fancy vacation or frivolous expense, why not deposit it into your emergency fund? Think about how quickly it could add up in a few years.

An emergency fund can be the difference between financial success and financial failure. Which category do you want to fall into?

Set up an emergency fund now so you won't be caught off-guard when an unforeseen event occurs. One disastrous financial setback could unravel everything else you've been saving for.

"I always feel the danger because you might always be subject to an unexpected or emergency event."
~Felix Baumgartner

Mistake #4: Waiting Too Long to Start Saving for Retirement

Although retirement seems far off, it's actually closer than you think. ***The average American spends 20 years in retirement.*** Therefore, the earlier you can start saving for retirement, the better.

Follow these steps to prepare for retirement:

1. **Start planning for retirement.** As with many other financial aspects, it's important to create a plan. Determine how much money you will require for living expenses after you retire.

    - Start saving as soon as you possibly can. Again, it's okay to start out small if necessary. Just figure out what you can afford to contribute and continue to increase the amount whenever possible.

    - Many individuals will meet with a financial advisor in order to discuss retirement needs. ***Experts estimate retirees will require about 70 to 90 percent of their pre-retirement income to live the same lifestyle they are used to after they stop working.***

- Do some research! Start looking into different types of retirement accounts. There are several online retirement calculators to help you plan for the future.

2. **Learn about retirement savings plans through your employer.** Find out what types of retirement savings plans are available to you through your work.

   - ***If your company offers a retirement plan such as a 401(k), sign up immediately and start contributing all you can.*** Your contributions will be automatically deducted and your income taxes will be lower. Tax deferrals and compound interest will really allow you accumulate money in this type of account.

   - If a 401(k) is offered, find out if your company pays anything into this fund or if they'll match your contributions. Ask how much you would need to contribute to get the full employer contribution and how long you're required to stay with the plan in order to get that money.

   - Maybe your employer offers a traditional pension plan instead. See if you're eligible to be covered under this plan. Learn how it works. Ask for a benefit statement so you can keep track of your pension.

   - ***Find out what will happen to your retirement benefits if you end up changing jobs before you retire.***

   - If your current employer doesn't currently offer a retirement plan, ask them to start one. Your employer might be able to set up a simple retirement plan which will benefit you and other employees, as well as the employer himself.

   - Go back and figure out if you have any benefits from a previous place of employment or if you'll be entitled to any benefits from your spouse's plan.

3. **Begin putting money into an Individual Retirement Account (IRA).** Whether or not you have other retirement accounts, you can always start your own IRA. These types of retirement accounts are offered by many financial institutions.

   - For 2013, you can put up to $5,500 ($6,500 if you are age 50 or older) into an IRA. You can also start with much less if you want, but there are tax advantages to consider.

   - There are two main types of IRAs. In a traditional IRA, the money is not taxed initially, but is taxed as income when it's withdrawn at retirement. In a Roth IRA, the money is taxed initially and there are no additional taxes when you withdraw.

4. **Consider other investment opportunities.** Setting up IRAs, 401(k)s, and other pension plans is a great start. However, you should also consider other investment opportunities.

   - The money in your retirement accounts is invested in different ways. For example, if a company offers a 401(k) to its employees, the company sometimes invests some of your money into its own stock. With an IRA, you may have more investment choices including Certificates of Deposit (CDs), mutual funds, stocks, and bonds.

- ***Carefully track your investments so you can rearrange them if you aren't happy with how they're performing.*** You should be putting your retirement savings in many different types of investments. Diversifying in this way contributes to growth and reduces risk.

5. **Find out about Social Security benefits.** Social Security is a system set up by the government to assist retirees after they have stopped working. These monetary benefits are paid out on a monthly basis to those who paid into the system before they retired.

    - This system was never meant to be the sole source of income for retirees. ***Social Security only replaces about 40 percent of the average income.*** Remember, you'll probably need 70 to 90 percent of your pre-retirement income to live comfortably.

    - Social Security money helps, but retirees should draw from other retirement accounts, private pensions, savings, and investments upon retirement.

    - Social Security benefits are taxable in line with one's income level. If you're a single taxpayer with an income above $25,000 or a married couple with an income above $32,000, your Social Security benefits may be taxed.

    - Even if a wife has never worked under Social Security, she may be able to get benefits if she is at least 62 years old and if her husband is eligible to receive retirement benefits.

    - Some financial analysts predict the funds in the Social Security system will be depleted in the upcoming years. Nobody knows for sure, but being prepared in other ways is the best defense against this possible tragedy.

An Example

Let's work through an example, using the Retirement Calculator at *Bloomberg.com* to help you figure out your retirement savings.

Here's the question. ***How much do you have to save per month to have $1 million by age 65?***

If you start at age 25, to get $1 million at 65 you need to save less than $200 a month in order to save $1 million by age 65. This is probably doable for most people.

If you start at age 35, to hit the same goal, you need to save $500 a month, which is more than double. This may be more difficult, but if you have a good job and are well-established, this is also possible.

If you don't start saving until you're 45 years of age, you would need to put aside $1,500 a month in order to reach that $1 million goal. That's why it's very difficult when people wait until they're 45 to start saving for retirement. There aren't many people with an extra $1,500 a month in their budget.

It's Never Too Late to Start Saving

What if you're in your 40's or 50's and haven't started saving for retirement yet? First of all, stay positive! Although the above example may have looked bleak, anything you can do now is better than nothing. At this point, ***you'll probably just have to adjust your retirement goals.***

Instead of getting to retire at 65, maybe you'll have to work until you're 70. The amount of your retirement fund will be less too. You won't be able to reach $1 million unless you have $1500 per month to put away. You might have to settle for a retirement income of $35,000 to $40,000 per year.

Nevertheless, it's never too late to start saving. If you're 45 years old, get started immediately. You'll be in much better shape than the person who started at 55. ***The sooner you start putting money aside, the sooner you'll start putting that money to work for you.***

It's more important than ever to plan for your own retirement. Social Security could be in danger. In this economy, many companies no longer offer pension plans and others have stopped matching 401(k) contributions.

You can't afford to put off saving for retirement! Try to find a way to start saving even $100 a month and put it into a retirement plan like an IRA or a 401(k) or even just put it in regular stocks. As you can see, it really adds up.

"As in all successful ventures, the foundation of a good retirement is planning."
~Earl Nightingale

Mistake #5: Not Enough Insurance

Let's move on to the fifth and final money mistake, which is not having enough insurance coverage. This most commonly happens with life insurance.

Many of us aren't happy about having to buy insurance coverage. ***There's nothing fun about spending money on something you hope you'll never have to use.***

However, nobody can afford to be without insurance if something catastrophic does happen. If you ever actually have an incident where you use your insurance, you'll find it more than makes up for the cost.

You can think of insurance as being similar to an emergency fund, but it's specified for a certain type of emergency. ***If you lack adequate insurance, it can seriously upset your financial well-being.***

When talking about insurance, the subject of liability insurance is important to address. Liability insurance is what you get with your auto and homeowner's policies. If someone gets injured as a result of something you did and they sue you, your liability insurance will cover the damages.

You want to have your liability coverage equal to your net worth, because someone could sue you for that amount of money.

Here's where you can get in trouble. Let's say you have $300,000 worth of assets and only $150,000 worth of liability coverage. If you get hit with a lawsuit, you could end up losing $150,000.

Check your liability limits to ensure you are at the correct level. If your coverage is lacking, it should be quick and fairly inexpensive to increase it to an acceptable level.

Other than not having a sufficient amount of insurance coverage, it's also important to maintain several *types* of insurance.

These types of insurance are critical to your financial health:

1. **Health insurance**. ***Health insurance is probably the most important type of insurance you can have.*** Health care costs are astronomical and one illness or hospitalization could drain your savings account to nothing.

    - You might be surprised to know one of the leading reasons why people declare bankruptcy is because they got sick or injured and were without health insurance.

    - If you don't already have insurance, check with your employer. Most companies offer individual and family health insurance to their employees at fairly affordable prices.

    - If you're self-employed or your place of employment doesn't offer health insurance, then you must seek health insurance on your own.

    - ***If you're young, healthy, and unmarried, you require less coverage than those who are older, chronically ill, or married with children.***

    - If you plan to use your health insurance often, you want a low deductible and copays. If you rarely see a doctor, you can shop around for plans with higher deductibles and copays, as they'll save you money on your premium.

    - ***Although the cost may seem like a financial burden, the potential cost of not having health insurance coverage is too high to risk.***

2. **[Homeowners insurance].** The idea of having to replace your home is an expensive and scary thought. It's vital to protect your home and valuables inside against theft and damage. Homeowners insurance is essential in safeguarding you and your home.

   - When you have a mortgage, homeowners insurance can be a requirement of your lender. Sometimes, the cost of your insurance premium is built into your mortgage payment.

   - When looking for a homeowner's policy, be certain it covers three things: the replacement of the structure, the belongings inside your house, and the cost of living elsewhere while your house is being repaired.

   - ***A regular homeowner's insurance policy may not be enough to fully protect your home.*** You may require additional coverage for fire, earthquakes, tornados, flooding, and other potential disasters.

   - You also want your homeowner's policy to cover any liability should someone get injured while they're at your house or on your property.

   - If you're renting instead, there is a different policy for you. Similar to a homeowner's policy, renter's insurance covers you against theft or damage to your personal items. Renter's insurance is an affordable way to recover the replacement costs of your belongings should there be a burglary, fire, or other disaster.

3. **[Auto insurance].** Auto insurance protects car owners in many ways. In most states, auto insurance is a required by law. Still, many drivers still get behind the wheel without it, which is very risky on many levels.

   - Your car is another of your more pricey possessions. If it gets damaged, you want to be able to repair or replace it.

   - ***Even more important than replacing the car is taking care of any treatments for injuries sustained by the drivers or passengers.*** As previously mentioned, health related services are costly, making this type of coverage a necessity.

   - If you're involved in an accident without being insured, you could be subject to a lawsuit that could cost you everything you own in order to pay for property damage and injury or death of an involved party.

   - There are many facets to car insurance: comprehensive, personal injury protection, collision, uninsured motorist, and liability. It's good to discuss your needs in these areas with your insurance agent.

   - If you have an older car, you may only choose the minimum level of liability insurance. However, if you have a newer car, especially one with a high value, you may want to carry a comprehensive plan with additional coverage against theft.

- Some auto insurance policies also cover legal defense costs in case you end up in court after your car accident.

4. **Life insurance.** Life insurance really protects those financially dependent on you.

   - ***If you're the breadwinner and your spouse, children, or parents would be facing a financial hardship if you passed away, then life insurance is a priority.***

   - Life insurance helps provides a cushion to offset any lost income the deceased no longer earns, as well as paying for the fees associated with a funeral.

   - In order to figure your how much life insurance coverage you should have, look at your yearly earnings and multiply by the number of years you plan to remain employed. Factor in burial costs to determine an appropriate amount for your situation.

   - Let's say you buy a policy for $200,000, which may seem like plenty. But when you break it down, it barely covers anything. If you were given a check for $200,000, could you live off that and never work again? Probably not. That's why this policy is insufficient.

   - Many life insurance policies cover pretty large amounts. ***It's not uncommon to purchase $500,000 or $1 million worth of coverage.***

   - Check with your employer to see if life insurance benefits are offered. If your employer doesn't offer it, there are hundreds of insurance companies that provide life insurance policies. Research to find a reputable provider.

   - ***If you are single, childless, and nobody depends on your income, then life insurance may not be necessary for you.***

How Can You Compare Quotes?

Insurance is a pretty competitive market. You'll see various companies advertising through all types of media. ***Start calling companies and speak to an agent for quotes on any types of insurance you are interested in.***

Some quotes can be given over the phone immediately, while others might take a day or two to generate. Some companies even allow you to compare options by using their website. They will have you enter your information and then give you a quote.

If you find you lack sufficient insurance coverage, it's much better to figure things out before you have to deal with a claim.

If you feel like additional insurance coverage is necessary, contact your agent as soon as possible for a consultation and quotes.

Other Types of Insurance Policies

There are also other types of insurance you may want to consider.

If you own a business, you may want to invest in business insurance. This type of policy protects against any business-related losses***. Business insurance usually covers things such as legal liability, employee-related issues, and property damage.***

Unfortunately, we live in a time when many people are "sue happy." For example, if a customer gets hurt on the premises of your business, they could take you to court and go after both your business and personal assets. That's why business owners can't be without this sort of protection.

Another type of insurance you might want to consider is disability insurance. This type of insurance is important if you ever get injured or sick and can no longer work. Disability insurance should cover some, if not all, of your salary.

Disability policies can be used for temporary, permanent, partial, or total disability. For example, what if you were in a serious car accident and could never work again? ***Most of us could not afford to be off work for a prolonged period of time without some sort of money coming in and disability insurance provides that monetary compensation.***

Some disability policies can be expensive. But perhaps you can find one that is affordable for you. The cost may actually be worth it. You may pay far less for the insurance now than it would cost if something happened and you were left with no money at all.

Disability insurance is usually offered through the same companies that offer health and life insurance. It can be a little more complicated because you usually have to meet with someone to discuss it first. Get in contact with an agent or financial planner to see how you can go about getting affordable rates.

There are several other types of insurance as well. These include: flight insurance, life insurance for children, accidental death insurance, disease insurance, mortgage life insurance, and pet insurance.

These insurance policies are said to be unnecessary for most individuals. However, if you feel any of them might be beneficial to you and your situation, go ahead and check into these types of policies.

"I don't want to tell you how much insurance I carry with the Prudential, but all I can say is when I go, they go too."
~Jack Benny

Conclusion

Your financial future is a very important consideration. Money can't buy happiness, but it does buy you the necessities to live a comfortable life.

Financial mistakes can hold you back from living the life you deserve. Try not to follow in the footsteps of those who have made financial blunders. ***By learning about the money mistakes of others, you can keep history from repeating itself.***

If you lack a financial plan for the future, then make one today. If you're living outside your means, it's time to assess your spending, cut out unnecessary expenses, create a budget, and stick to it.

Nobody wants to endure an emergency. However, you should expect the unexpected. Set up an emergency fund and be ready with the money needed to handle a crisis.

Most individuals look forward to retirement. Start saving for retirement right now! You will work hard for many years and retirement is your special time to enjoy. Ensure you have the means to sustain your living expenses when you no longer work.

Last, but not least, purchase a sufficient amount of insurance coverage. If something happens to your health, car, home, or life you'll be glad you did.

Be smart and careful with your money in order to reach financial success!

"Money isn't everything…but it ranks right up there with oxygen."
~Rita Davenport

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