Top 10 Tips – **Money Excuses**

Supplied by: Fortitude Financial Planning

NORTHAMPTONSHIRE Chamber

People who make bad money decisions can often rationalise them. Here are 10 common excuses. Human beings have an astounding facility for self-deception when it comes to their own money. We tend to rationalise
our own fears.
Instead of just recognising how we feel and reflecting on the thoughts that creates, we cut out the middle man and construct the façade of a logical-sounding argument over a vague feeling. These arguments are often elaborate short-term excuses that we use to justify behaviour that runs counter to our own long-term interests.

Here are the top ten money excuses:

1. "I just want to wait till things become clearer".
It's understandable to feel unnerved by volatile markets. But waiting for volatility to "clear" before investing often results in missing the return that goes with the risk.

2. "I just can't take the risk anymore."
By focusing exclusively on the risk of losing money and paying a premium for safety, we can end up with insufficient funds to retire on. Avoiding risk also means missing the upside.

3. "I want to live today. Tomorrow can look after itself."
Often used to justify a reckless purchase. It's not either-or. You can live today AND mind your savings. You just need to keep to your budget.

4. "I don't care about capital gain. I just need the income."
Income is fine. But making income your sole focus can lead you down dangerous roads. Just ask anyone who invested in precipice bonds, it offered high levels of guaranteed income but lost substantial amounts of
capital value when the markets fell.

5. "I want to get some of those losses back."
It's human nature to be emotionally attached to past bets, even the losing ones. But as the song says, you have to know when to fold 'em.

6. "But this stock/fund/strategy has been good to me."
We all have a tendency to hold on to winners too long. But without disciplined rebalancing, your portfolio can end up carrying much more risk than you bargained for.

7. "But the newspaper said…."
Investing by the headlines is like dressing based on yesterday's weather report. The news might be accurate, but the market usually has already reacted and moved on to worrying about something else.

8. "The guy at the bar/my uncle/my boss told me…"
The world is full of experts, many of them recycling stuff they've heard elsewhere. But even if their tips are right, this kind of advice rarely takes account of your circumstances.

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9. "I just want certainty."
Wanting confidence in your investments is fine. But certainty? You can spend a lot of money trying to insure yourself against every possible outcome. It's cheaper to diversify.
10. "I'm too busy to think about this."
We often try to control things we can't change – like market and media noise – and neglect areas where our actions can make a difference – like costs. That's worth the effort.
This post was prepared by Jim Parker from Dimensional.
We liked this post as we believe it reflects honestly some of the natural mistakes people make when it comes to managing their own finances. Going to a Financial Planner will help you make smart decisions to avoid making common mistakes while supporting you to achieve a "Life/Life" balance™.
If you recognise some of these traits in you, we can help! Just get in touch with a member of our team.

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