

Don't let financial blunders leave wallet empty

By Jim Chilton

To err is human, but when mistakes affect your pocketbook it's not exactly divine.

Don't feel alone if you've committed a financial blunder, though. Two-thirds of Americans have made a significant money mistake somewhere along the way.

Since April is National Financial Literacy Month, this is a good time for anyone to pledge to do a better job handling money, says Chilton, whose organization's mission is to "eliminate financial illiteracy, one community at a time."

SOFA does that by conducting free workshops and seminars for corporations, small businesses, government agencies, community colleges, libraries, churches or organizations.

One thing I always tell people is that you can't let your emotions get in the way when you are trying to meet your financial goals. When it comes to finances, there is always going to be at least a little uncertainty.

But he says people can go a long way toward financial stability if they avoid these common blunders:

- Living without a net. Bad things happen in life, even to the best people who are trying to do the right things. That's why you need to set aside savings that will serve as an emergency fund in case you suddenly have major medical problems or lose your job. I recommends a six- to 12-month cushion that would cover your mortgage, groceries, utilities and the other necessities of day-to-day living.
- Failing to check credit reports. More than 70 percent of

credit reports contain some sort of error. Meanwhile, identity theft is on the rise. You should check your credit reports annually to make sure you are not a victim.

- Giving little thought to retirement. Many people fail to properly prepare for retirement. If you think Social Security will take care of you, think again. Social Security is designed as supplemental income, not something that can replace your entire paycheck, Chilton says. You need to plan and save to make sure you can lead the lifestyle you want in your later years.

- Racking up credit card debt. Credit seems to rule, but cash should be your real king. Americans are carrying more than \$800 billion in credit card debt, he says. Making a conscious effort to use cash will help wean you off your reliance on plastic. If you are struggling with credit card debt, you need to start making a plan to get rid of that debt.

- Seeking advice in the wrong places. Uncle Felix may mean well, but he's not necessarily the ideal person to offer you advice on the stock market. A trained professional is your best bet. Sure, word of mouth can be helpful, but it can be equally hurtful. Before you pick someone to help you with investments, though, do your homework because you want someone with a good reputation. Check with the Better Business Bureau and do a Google search to see what else you can learn.

- Trying to do too much, too quickly. Financial problems that took years to create aren't going to be fixed overnight. So ease into your new financial plan. Instead of a dramatic overhaul that could leave you frustrated, try to make small changes that will lead to larger commitments.

Even as we get older and presumably know more, we are still bound to make a misstep here or there. We simply can't know it all, especially when it comes to our finances.

But if we realize our limitations, we can at least learn to

make fewer mistakes and do a better job of setting and meeting the goals we have for our money.

Jim Chilton is the founder and chief executive officer for the Society for Financial Awareness, or SOFA, a nonprofit public benefit corporation with a mission to provide financial education across America.