

50 Personal Finance Habits Everyone Should Follow

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Start by spending less than you earn every month.

From time to time we bring you posts from our partners that may not be new but contain advice that bears repeating. Look for these classics on the weekends.

I have a lot of bad habits. For example, I tend to bite my nails when I get stressed out. I also have a penchant for opening the cupboard to get a drinking glass — then walking away and leaving the door wide open. I know. I can't explain it either.

Even so, I have a lot of good habits too; perhaps not coincidentally, many of them are related to personal finance.

Hopefully, you have a lot of good personal finance habits too. How many of these apply to you?

David A Dinsmore Comment. Print this out and take notes.

1. Taking advantage of your employer's flexible spending account. These accounts not only reduce your tax liability, but they also act as a de facto quasi-savings plan. David A Dinsmore Comment. Don't forget they are tax favored. In addition, do not forget the tax saving advantages of the Health Savings Accounts, HSA.

2. Tracking your income and expenses. David A Dinsmore Comment. To get what you want, you must know them. There are many good apps for this. Personal Capital and Mint are two top choices.

3. Being careful not to overspend on gifts. David A Dinsmore Comment. Set a spending plan for each person in your financial planning notebook or plan digital system.

4. Paying attention to mortgage interest rates — even after you buy a home. People who fail to do this may miss out on refinance opportunities that could save them tens of thousands of dollars over the life of their loan.

5. Never buying anything on impulse. One of the best ways to help prevent this is to make a shopping list and then stick to it. David A Dinsmore Comment. For the more expensive items, you want to buy, set a cooling off period to wait and make sure it's a good idea.

6. Opening your bills when you get them. David A Dinsmore Comment. Go ahead and pay the bill. The interest you might lose is very small.

7. Paying your bills online when possible. David A Dinsmore Comment. Save the stamp and many systems allow scheduling automatic payments.

8. Doing your research before purchasing extended warranties.

9. Ignoring credit card convenience checks that come in the mail. They usually come with high fees that make them extremely expensive. David A Dinsmore Comment. Shred them when you get them.

10. Saving part of your income for retirement. Try saving at least 10 percent from every paycheck; it's never too late to start. David A Dinsmore Comment. At least do the employer match amounts and increase the savings with each pay raise.

11. Keeping the money in your wallet to a minimum. David A Dinsmore Comment. Set a spending plan for what you put into your wallet. When it's gone, it's gone.

12. Spending less than you earn every month. File this one under "D" for "Duh!" David A Dinsmore Comment. Consider the 80-10-10 split.

13. Having an exit strategy when investing. Without one, it is tough to recognize the right time to cut your losses — or take profits off the table.

14. Never assuming past performance guarantees future results.

15. Taking advantage of automatic paycheck deductions. Not only does it ensure you pay yourself first, it's an easy and painless way to save for retirement.

16. Reading all contracts before signing on the dotted line. David A Dinsmore Comment. Sign a contract only when you fully understand it.

17. Planning your dinner menus in advance. We do this at my house because it's an extremely effective way to reduce our monthly food expenses.

18. Reviewing your credit card statements for errors and erroneous charges. David A Dinsmore Comment. Also, review the statement for did you make wise choices.

19. Keeping a budget. Because for most folks, when it comes to managing their money, failing to plan is the same as planning to fail. David A Dinsmore Comment. Use an app to track your spending against your budget.

20. Faithfully following your budget. It's one thing to create a budget, but if you don't have the discipline to put it into action, why bother?

21. Increasing your 401(k) contributions every time you get a raise.

22. Properly maintaining your car. By following your car's maintenance schedule and paying a little up front, you'll reduce the risk of encountering more costly major issues down the road.

23. Paying the bills on time. By doing so you'll avoid spending money on needless late fees.

24. Taking advantage of coupons and internet promotional codes as often as possible. David A Dinsmore Comment. Set a plan to only buy when an item is on sale.

25. Refusing to pay the minimum on your credit card bills each month. Here's a credit card fact: making minimum payments each month will ensure you pay the maximum interest.

26. Using your credit card to buy things only if you can pay it off in full at the end of each month.

27. Leveraging "good debt" to purchase things that have the possibility of increasing in value, or providing a path to a higher income in the future.

28. Never hoping for an inheritance to solve your money problems.

29. Avoiding the use of payday loans to cover temporary financial shortfalls. Eliminate monthly shortfalls by following a budget and maintaining an emergency fund.

30. Not relying on Social Security as your primary source of retirement income.

31. Avoiding the lottery. There is a reason why the lottery is known as the Stupid Tax.

32. Setting, and then regularly reviewing and updating your savings goals. David A Dinsmore Comment. Keep a goal journal and progress chart with small reasonable rewards along the way.

33. Never overpaying for insurance. For example, why pay the higher auto insurance premiums for low deductibles if you rarely make claims?

34. Resisting the urge to float checks right before payday. Today, faster bank processing makes this practice much more risky than it used to be.

35. Fully understanding stocks and other financial instruments before investing in them.

36. Avoiding cigarettes. This expensive habit is one of the Four Horsemen of personal finance.
37. Avoiding wasted time clipping coupons you'll never use.
38. Ignoring the temptation to keep up with the Joneses.
39. Buying a new car — or better yet, a newer used car — and keeping it for at least ten years. Buying new cars is costly because they can lose upwards of half their value by the time they are three years old.
40. Remembering to comparison shop whenever possible.
41. Regularly checking your credit report for errors, signs of fraud and identity theft. You're entitled to a free credit report from Experian, TransUnion, and Equifax every 12 months — that means with proper planning you can actually get an update every four months!
42. Optimizing your 401(k) account every year. Diversifying and balancing your allocations will minimize your losses in the event of a major market downturn.
43. Negotiating whenever the opportunity presents itself. David A Dinsmore Comment. Watch for it, you find it more often. An assumption I learned from my youngest daughter at about three years old.
44. Ensuring your retirement needs are taken care of prior to providing for your children's future. What good is saving for the kids' college education if you'll be eating cat food in your golden years?
45. Avoiding frugality as a means to achieve prosperity. You can only free up so much money by cutting expenses.

46. Occasionally rewarding yourself by splurging. David A Dinsmore Comment. A splurge should not break the bank. Consider reasonable rewards for accomplished financial goals.

47. Maintaining an emergency fund. Everyone should have between three and six months of living expenses in the bank. David A Dinsmore Comment. Maybe even more if your job is at risk.

48. Resisting the urge to tap your emergency fund for non-emergencies.

49. Avoiding interest payments whenever possible. David A Dinsmore Comment. Financing something is often just another way of over spending.

50. Treating your household like a business. By taking an active role in managing your finances — and looking at ways to maximize your income — you'll ensure a brighter financial future for you and your family. Who knows; maybe you'll even stop biting your nails.

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David A Dinsmore Comment. Are made by David A. Dinsmore at www.CertifiedBusinessAppraisal.com