

News summaries

[Finance](#), [Investment](#)



A July 9 online article from dallasnews.com, entitled Top 10 personal finance mistakes, provides a prime example of one form of learning: lesson by failure. The article discusses ten common pitfalls when individuals are addressing their own financial tasks. By shining a spotlight on these mistakes, the article reinforces principles in Chapter 22—namely, the essential need for solid personal financial planning.

Each 'mistake' receives a few paragraphs of attention, and the information holds more value because the author also pinpoints expert tips that can lessen the impact and occurrence of each problem.

The first two discussed mistakes, for example, address the scarcity of people who develop a logical and flexible statement of goals. Too often, as the article elaborates, individuals make financial decisions based on emotion rather than factual information. In addition, those who do develop goals and plans are many times reluctant to 'stray the course' from initial goals. However, experts advise that adaptability and structure can strengthen financial prospects for any individual, regardless of economic standing.

Budgeting, in particular, is an important skill to develop in matters of finance. Debt and savings comprise the next part of the discussion. According to the article, a surplus of people sink into credit card debt that may only be eradicated through years of payments. Prompt, maximum-level monthly payments can ease these burdens, say the experts. Debt accumulation is symptomatic of another financial planning problem mentioned in the article: savings, or the lack thereof.

A depletion of saved income can negatively impact both short-term and long-term financial goals. One remedy the interviewed experts recommend involves the creation of an emergency savings fund (used in case of unexpected expenses). Such a fund would be bolstered by a set amount of money from each employee paycheck. Finally, the article concludes with warnings involving two other important aspects of personal finance, employee benefits and stock investment.

The author argues for 401(K) plans, life insurance, and reasonable investing, respectively. Each of these subjects—if handled improperly—holds the potential for catastrophic financial consequences. 401(K)s can help ensure an individual has a secure retirement nest egg (alleviating at least one burden for the elderly); life insurance in turn ensures a family's security, and minimal stock investing will help prevent an abolishment of personal savings.