

Money Q&A - Part 2

by vcmorris - Thursday, April 28, 2011

<http://thethinpinkline.com/2011/04/28/money-qa-part-2/>

Question: If I own a home and want to pay off the mortgage faster, how do I do that?

Answer: There are several ways: Make an extra monthly payment each year – more if you can. You could also round up your monthly payments to the nearest \$10. You'll be amazed how that adds up. If you get a tax refund or bonus at work, put some of it toward the principal balance on your mortgage. Just remember – while getting rid of a mortgage frees up money for other investments – be sure to consider the tax implications. Mortgage interest is deductible on federal income taxes unless you pay the alternative minimum tax which excludes these deductions.

Question: What's the best thing to do with a 401k when you leave your job?

Answer: 401k plans are a great way to save especially if your company has a matching plan. The most important thing to remember when changing jobs is NOT to cash out your 401k and DON'T have a check for your 401k funds issued in your name. Instead, if you choose not to leave it with your old employer and let it accrue there - have it rolled over into your next employer's 401k plan. Mishandling your 401k can be quite hazardous to your financial health.

Question: What are some ways to have a healthy, successful marriage – financially?

Answer: Select a money CEO by deciding which partner will handle routine financial obligations for the family. Consolidate all financial documents in a secure place for easy reference. Create an estate plan that allows both spouses to have the ability to act on behalf of the family in the event the other is injured or dies. Make sure life insurance coverage is adequate. Be dedicated savers and set aside 15% of your family income in savings and investments to create a nest egg. Be jointly committed to establishing a 3-6 months living expenses emergency fund.

Here's to your health and wealth.

My book "Mind Over Money Matters: It's Your Money So Take It Personally"™ will be published later this year.