

Money Q&A - Part 3

by vcmorris - Thursday, May 05, 2011

<http://thethinpinkline.com/2011/05/05/money-qa-part-3/>

Question: Is having a financial planner necessary to have a healthy financial life?

Answer: Absolutely - unless you are willing, able and determined to monitor your own portfolio. Most people don't have the time or inclination to do a thorough job in this area. To find a certified financial planner, check the North American Securities Administrators Association (<http://www.nasaa.org/>) which is the organization of state regulators who work to ensure investor protection. Also be sure to do a background check to see if the adviser you're considering is registered with the Securities and Exchange Commission. Anyone who is not registered requires more scrutiny.

Question: Is there such a thing as "good" debt?

Answer: Definitely! A home mortgage is good debt because interest is tax deductible up to certain limits and you can build equity for future financial goals. Student loans are good debt since they invest in someone's future. Home equity loans are good debt and lines of credit are good debt because the interest is usually tax deductible. Good debt offers a return on investment frees up cash flow or allows you to save for other investments and obtain future credit at a lower price. "Bad" debt, by the way, has high interest rates - like credit cards or borrowing against a 401k plan or life insurance policy. "Bad" debt is debt that can stand in the way of your long term financial goals, leads to a poor credit history and could prevent you from getting preferred interest rates, an apartment or even a job.

Question: Is it really necessary to order my credit report each year?

Answer: Without reservation - yes! If not, your financial health could be in jeopardy. Every consumer can request a free report once a year - and in some states, two a year from each of the credit bureaus - Experian, TransUnion and Equifax - since different lenders use different credit reporting agencies. Too many consumers don't know what their credit reports say until they apply for credit. Bad timing! Read the reports, challenge in writing anything in them that isn't yours.

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.