

Money Q&A - Part 1

by vcmorris - Thursday, April 21, 2011

<http://thethinpinkline.com/2011/04/21/money-qa/>

Question: If you were given \$10,000 as a gift and had to use the entire amount to do one of two things: contribute to your retirement or contribute to your child's college education, what would you do?

Answer: It may not be what your heart says to do – but the correct answer money wise is: fund your retirement. The reasoning? You can always get a loan to pay for college but no one gives you a loan for retirement.

Question: Is a savings account “just for emergencies” really a priority?

Answer: Absolutely! Here's why. In the event of unforeseen situations such as being laid off or having a serious health issue – having at least 3 to 6 months (preferably 6 to 9 months) worth of living expenses gives you an immediate cushion to work out the problem.

Question: Should you lend money to your adult children?

Answer: It depends on whether you can afford to lose that money! Mixing heart and mind when it comes to this money issue can lead many parents to make bad decisions since such a loan could undermine your retirement savings. To make a healthy decision – have a frank, upfront conversation about the loan. Set up a repayment plan. Document the transaction and both you and your adult child sign it. Be sure to check the tax laws regarding family loans because you're required to charge a minimum rate of interest unless you make it an outright gift.

Question: What's better for handling my finances: paying bills online or paying by check?

Answer: Hands down – it's online. Online banking is fast. It's safe. It's convenient. And it's easier than you think. Simply go to your bank's website and you will be walked through the process. Then set up a payment schedule with a 4-5 day before the due date lead time. You can pay bills from anywhere you happen to be and never worry about being late.

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.

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