

25 Things You Should Never Do With Your Money

Avoid these big money mistakes and keep more of your cash.

By [Roger Wohlner](#)

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There are probably hundreds of things you shouldn't do with your money. But from bad habits to decisions based on wishful thinking, some of the bigger missteps can really cost you.

To find out the biggest money mistakes you should avoid, [GOBankingRates](#) asked financial experts for their best advice.



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Never Cash Your Paycheck Right Away

If you cash your paycheck right away, you might burn through it too quickly.

“You will most certainly spend it all if you cash your paycheck rather than have your employer directly deposit it into your bank account,” said Barbara Friedberg, a financial expert. “Even better is to automatically transfer a percent of your paycheck into a retirement investment account and direct deposit the remainder into a bank account.”

One advantage of having a workplace retirement plan, such as a 401(k), is that money is automatically deducted from your pay and invested. You don't see it, so you won't spend it. You can use a budgeting template to get the most mileage out of your paycheck.



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Never Fall For 'Special' Finance Deals You Can't Afford

Promotional finance offers that provide zero or low interest rates on a big purchase might sound like a great deal — until you wind up paying more than you expected. That's what happened to Grayson Bell of personal finance website Debt Roundup.

“Don't finance a new vehicle, or watercraft in my case, based on the low promotional monthly payment,” he said. “I financed a new \$10,000 Jet Ski with no money down and no real way to pay for it based on a radio ad promoting a super low \$69 per month payment. What I didn't read was the rate was only for two years, then it changed to include retroactive interest based on the loan amount.”

“Those financing deals can ruin you if you're only looking at the monthly payment,” he continued. “Go through the math and read all of the fine print. They get you in with the low monthly payments, but keep you paying for much longer than you anticipated.”

Never Co-Sign a Loan You Can't Afford

Michelle Schroeder-Gardner of personal finance blog Making Sense of Cents said you should never co-sign on a loan for someone unless you have the means to pay it back fully.

“The fact is that you never know if the person will be able to pay every single payment, so it's best to prepare yourself,” she said.



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Never Live Above Your Means

One of the tenets of building wealth is to live below your means. Saving and investing should be your priorities so you can help pay for your children’s college costs and live comparably in retirement, said Cathy Curtis, a financial advisor.

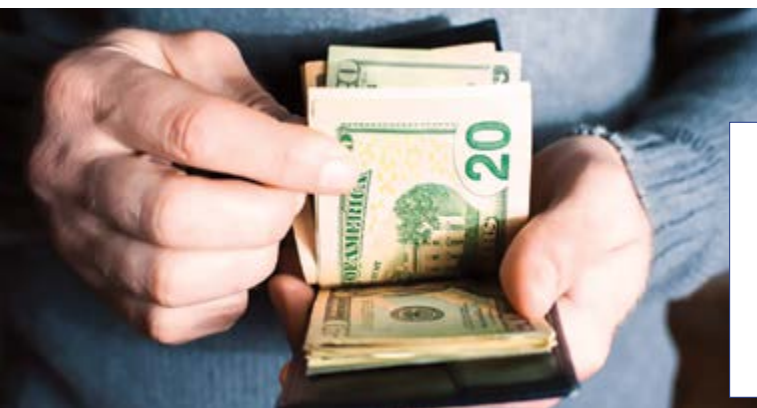


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Never Donate Money Over the Phone

Phone solicitations often involve raising money for legitimate organizations. Unfortunately, they’re also an easy way for con artists to scam well meaning donors.

Never give out your credit card number over the phone in that situation, said Curtis. Instead, ask the solicitor to mail you the information. This way, you can research the organization if you’re unfamiliar with it and make sure it’s legitimate.



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Never Spend Money on Gifts That No One Needs

Yes, those bi-annual sales of your favorite stores can be very enticing when everything is practically 75% off. But, stocking up on those extra scarves, bath sets, candles or clothing pieces can be a waste of money if there isn’t an immediate need for them.



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Never Opt Out of Your 401(k)

Opting out of your 401(k) plan is one of the worst money moves you could make, said Esther Kim of ForUsAll, a low cost 401(k) plan provider for small and medium sized businesses.

Many companies use automatic enrollment as a default for employees who don’t elect to participate in the 401(k) plan. Make sure you choose to enroll in the plan and increase the amount you contribute above the auto enrollment amount. Then, sign up for your plan’s automatic escalation feature, which will increase your contribution percentage by an amount you specify each year.

Never Rely Only on Cash When Traveling

Sure, carrying and using cash is a good alternative to running up credit card bills. But Curtis suggested using traveler’s checks or credit cards as an alternative to cash.

Holding substantial cash when you’re traveling can invite unfortunate situations. You could lose it or be a victim of theft, which is not uncommon in certain tourist areas.



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Never Shop When You're Emotional

It's best to avoid shopping when you're feeling down because you might be tempted to spend more in order to feel better.

Another situation to avoid is pushy sales people; don't let them flatter you into buying something you can't afford. You might need some positive reinforcement, but getting it from a clerk whose interest is in making a sale might cost you.

There are other ways to feel good about yourself without shelling out cash. Make decisions based on your need and your budget, Curtis said.



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Never Be Unintentional With Your Money

It's important to pay close attention to your money and your budget, said financial coach Melissa Thomas. "Savings accounts need to be labeled for their intended purpose," she said.

For example, you might have a separate account for your emergency fund and another to save for the holidays. Accounts for long term goals like retirement or college should be kept separate and never be mingled with the shorter term goals.



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Never Lose Track of Your Money

Turning a blind eye to personal expenses and income is definitely a no-no. You should always be aware of how much money you're spending, how much money is coming in and what your financial goals are. Keeping a budget that includes your income and expenses is a great way to find out what is happening with your money alongside how much money you really have.



xavierarnau / Getty Images

Never Hire a Financial Advisor You Can't Trust

Choosing a financial advisor can be the most important decision you make. It can also mean the difference between building wealth for retirement or becoming a victim of fraud or paying excessive fees.

"Never invest your money with someone you don't trust, even if you can't pinpoint the source of the mistrust," said Julie Rains of personal finance blog Investing to Thrive.

To choose the right financial planner, get recommendations for advisors from relatives and friends you trust. Research their designations and background at the Securities and Exchange Commission website or on the Financial Industry Regulatory Authority site.



skynesher / Getty Images

Never Put All Your Money in Illiquid Investments

Many investment products lock up your money, which limits your access to it, said Daniel Zajac, a certified financial planner at Simone Zajac Wealth Management Group.

“You should be keenly aware of when and how you can get to your money, even more so if you make the decision to put a large portion of your assets in something that restricts access,” he said.

Individual stocks, mutual funds and exchange traded funds have a high degree of liquidity. By contrast, illiquid investments are those that cannot be sold quickly without incurring a significant loss in value. Examples include nontraded real estate investment trusts, some collectibles and more.



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Never Buy Too Much Company Stock

Owning company stock can be a valuable addition to your portfolio, said Zajac, but don't put too much of your money in that investment. If your company experiences a downturn, you could lose your investment and your job in one fell swoop. A good rule of thumb is to limit your company stock exposure to 10% of your total net worth, he said.



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Never Make Insurance Your Only Investment

Cash-value life insurance is often pitched as a retirement savings vehicle to high-earning business owners and professionals. While this might be a viable solution in some cases, it is generally a better idea for these folks to take advantage of more traditional retirement vehicles such as a 401(k), Zajac said.

“Insurance as an investment is rarely, if ever, a good idea,” said Zajac. “It’s an especially bad idea for those just getting started. Your focus should be on creating an emergency fund, creating liquidity and contributing to your retirement. Focus on buying term and investing the difference.”



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Never Buy a House Without Looking At the Full Cost

Homeownership isn't just about the mortgage payment. In fact, there are many costs to owning a home that might not be apparent before you buy.

“People tend to only look at the payment amount and not consider the other costs that come with home ownership, such as needed repairs and ongoing maintenance, differing utility bills than their previous place and possible tax increases,” said Josh Elledge of personal finance website SavingsAngel.

“Make sure that you factor in those costs above the monthly mortgage payments,” he continued. “Otherwise, one especially hot summer or a minor accident backing out of the garage, and you’re piling up additional debt on a credit card to get by.”



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Never Post Money or How Much You Make on Social Media

Whether you're a millionaire or in the working middle class, your financial status should not be shared for public consumption. No one is interested in your latest black credit card, the stacks of money you have on hand or the amount you just paid for your new car. Posting these things on social media means spreading your information for all the world to see. It's also a huge sign for people to come running after your money.



dusanpetkovic / Getty Images/iStockphoto

Never Spend Money on Things You Don't Really Use

You might be tempted to buy certain items that promise to save you money or make some tasks easier. But if you end up not using those items, it's just wasted money.

"It's mind boggling the amount of money people waste on things they neither need nor use," said Elledge. "Whether it's buying a fancy phone they have no idea how to use, buying an extended warranty on a product that already comes with a warranty, or even purchasing groceries they forgot are sitting in the cupboard at home, it's wasteful spending."

Instead, Elledge suggested sticking to buying items you actually need and use on a daily basis, and "you may find a lot more money in your monthly budget."



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Never Loan Money to Friends and Family You Can't Trust

Think long and hard before you give your money away to a friend or family member. Otherwise, in the event that you don't get your money back, your relationship with them might suffer.

"It is hard to say 'no' to friends and family who ask to 'borrow' money, but there is very little upside to doing this," said Kirk Chisholm, a wealth manager with Innovative Advisory Group. "Sure, you might get your money back, but do you really want to pester them to get it? The bigger question is, what if they don't pay you back? Are you OK with saying goodbye to that money?"



kokouu / Getty Images

Never Sign a Contract You Don't Understand

It's a good idea to have an attorney review any contract you're considering. And the excuse of wanting your lawyer to review the agreement is always a good way to escape a high pressure pitch to sign something.

"You can commit yourself financially for a very long time, and at a very high cost, by signing a contract you don't understand," said Elledge. "If you don't understand what you're committing to, don't sign."



Never Invest Money You Can't Afford To Lose

Most smart wealth building strategies include investing as a way to grow your money, but it's a risk you need to be able to afford. Be sure to seek out expert advice if you're new to investing.

"Every investment carries a level of risk, and you should be prepared to face the worst case scenario every time," said Pauline Paquin, personal finance expert and founder of the website Reach Financial Independence. "Do not invest money that would compromise your financial well being if you lost it ... One financial mistake can be devastating."



Never Buy an Investment That Sounds Too Good To Be True

If an investment seems like it's too good to be true, beware, said Joseph Carbone, a certified financial planner with Focus Planning Group. "If it sounds boring, then it's probably a good investment."

Often, those too-good-to-be-true investments are expensive and illiquid, he said. Staple investments, such as stocks, bonds and certificates of deposit, might be better performers.



Never Overspend On Lotto Tickets

The odds are against you — significantly. While the Powerball website says you have a 1 in 24.9 chance of winning a prize in its multimillion-dollar lotteries, your chances of walking away with the jackpot are roughly 1 in 292 million. Consistently putting your money toward lottery tickets will likely put a dent in your financial success. Try allocating the money you spend on lottery tickets to your savings or retirement plan instead.



Never Get Carried Away on Deals Websites

Just like with a brick and mortar discount store, the prices on deals websites can be addictive. But you might spend more than you can afford and end up with a bunch of stuff you really don't need.

"Deals websites like Groupon can be a great way to save money, as long as you don't become addicted," said Sean Cooper, financial expert and author of "Burn Your Mortgage: A Simple, Powerful Path to Financial Freedom." "Similar to coupons, deal websites can lead to overspending on stuff you may not need ... To avoid the temptation to spend, only visit deals websites for stuff you're already planning to buy."



Never Buy a New Car – If You Can Help It

That new car smell might be intoxicating, but it's fleeting and comes with a high price tag.

"Don't ever, ever, ever buy a brand new car; buy pre-owned instead," Elledge said. "Car dealers try to lure buyers into buying new with low monthly payments that take years to pay off. You'll never be able to achieve financial freedom from debt if you always have a car payment."

Before buying a new car or making any type of large purchases, always assess your finances. Ask yourself: Can I really afford it? If not, comparison shop and see if a used car is better for your budget.

