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Money Sense: Common financial regrets from the past year

By Marc A. Hebert
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DO YOU HAVE any financial regrets from the past year? Bankrate, which is a consumer finance company, has a Financial Security Index that indicates that 76% of Americans have at least one regret. Here are some of the most common ones.



- Purchasing too big of a house. It isn't just the purchase of the property that counts, it is all of the other expenses associated with homeownership, such as real estate taxes, homeowner's insurance, maintenance and repairs. Some homebuyers fail to consider what might happen down the road. For example, the house may have been affordable on two salaries, but what if one partner loses his or her job? What if there is an unexpected medical expense? Maybe it is tuition bills for the kids that will come up in the near term?

The potential solution is to reduce your housing costs. You might find a smaller house in the same area or move to a less expensive town. Another solution might be to watch interest rates and examine if refinancing makes sense.

- We mentioned the tuition bill, which can be a source of regret for some. You have probably read that student loans are rising. Mounting student debt doesn't just impact the younger ages. According to the Federal Reserve Bank of New York, 15 million borrowers are age 40 and older. This group accounts for about 40% of total student loan debt.

For those soon to enter college, you might consider a less expensive school or check if there are scholarships you might be eligible for. It will be a good idea to analyze how much you are expected to pay out of pocket for an education at a given school. If loans are in the cards, be sure to understand

how they work and what the payment is expected to be. Does your anticipated career give you the ability to pay these?

- Another big expense that some might be regretting is a car purchase. Vehicle prices have risen rapidly. Some auto loans now have seven-year terms. Some consumers won't have their loans paid off before buying a new car, so auto payments continue to be an ongoing expense.

One way to deal with this issue is to consider a used car. A car's upkeep also is essential to maintain top operating condition and give it a longer life. Another solution could be using public transportation to reduce the use of your own car.

- Not saving enough is another problem for some Americans. Due to the big house, tuition bill and new car, there isn't much left to save. It is important to have a budget and review it for areas where expenses could be cut. A small amount regularly saved can help build that emergency reserve.

An emergency reserve isn't the only area where a little saved regularly can add up. Retirement is another. One regret you might have is not starting your retirement savings early enough. It is important to research and understand how much you need to save to reach your retirement goals.

- Some people may feel regret because of a desire to keep up appearances. Whether it is with their friends, coworkers or neighbors, some believe it matters to have the same things to fit in. Usually this means spending money.

The point here is to live within your own means. In the end, achieving the retirement you would like to have may mean more than buying the nice car or expensive vacation.

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