Money myths ...vs reality

There are many money myths floating around – misinformation that can result in people making the wrong move and suffering the consequences for many years to come. Here, we debunk five common money misconceptions!

Myth: Budgeting is only for people who have trouble making ends meet

Reality: Everybody, regardless of income, savings and circumstances, needs a budget. It's about taking control of your current and future financial well-being by finding a balance between your expenses and income. To budget effectively, list all of your essential bills and non-essential outgoings – this is your total monthly expenditure. Minus this from your net monthly income to calculate your surplus capital. Finally, allocate this to discretionary spending money and, most importantly, your savings.

Myth: Checking my own credit report negatively affects my score

Reality: This is a myth. Checking your own credit score won't change it. That said, it could arguably indirectly improve your score, as checking it might prompt you to take action to boost your score.

Myth: I need to earn more

Reality: While it stands to reason that having a higher income will positively impact your ability to build wealth, it's not the only factor at play. How you manage your money is crucial, as it dictates how you spend, save and – as discussed opposite – protect your wealth. Remember, if you spend as much as you earn, your salary is near-irrelevant!

Myth: I'm 'bad' with money

Reality: How often do you (or indeed your friends) say "I'm not good with money"? While that phrase might roll off our tongues without much thought, saying the words can take a real toll on our subconscious – impacting our financial confidence and, therefore, our ability to plan effectively for the future. It's important to empower yourself so that next time you talk to your friends, it's a positive conversation. Talking of which...

Myth: It's rude to talk about money with others

Reality: Money is still a taboo subject for many people. But while it's not deemed socially acceptable to brag about your salary or expensive purchases, a candid chat about future planning with your inner circle can be a real positive in boosting your overall sense of financial well-being.

While it can pay to get into the habit of normalising money conversations, you may find it easier to talk to someone who's one step removed from you personally, like a financial adviser. Whoever you decide to speak to, the key is to get talking!

Now we've sorted the fact from the fiction...

Believing a money myth can be a costly affair, but your trusted financial adviser is with you every step of the way! Contact us today.