

Women and finance

5 things you should do to increase your financial literacy

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For many people, finance can be an intimidating topic and often people believe that to understand finance, they need to be an expert. With my clients, I give the example of wanting to lose weight, asking “If you want to lose weight, would you work to become a nutritionist first?” The answer is no. We should think about finance in the same way. It’s all about taking small steps and being fearless in asking questions and learning more. However, some people get

to a certain age and believe that they should know more than they do. These people are afraid to ask questions or have a real conversation on the topic. With financial planning, it’s never too late to start.

You don’t have to be an expert: You can work with a financial advisor to help balance the risk needed to pursue your goals by putting a financial plan in place. Ask questions and learn without any fear of judgment or embarrassment. You can benchmark yourself to your own goals rather than to the day-to-day movements of the market.

5 ways to become more financially literate.

- 1. Learn the power of compounding:** History has shown that starting early with what you can contribute towards your retirement can be more impactful than waiting 10 years and putting in a lump sum.
- 2. Understand the interest rates on your debt:** Whether it is student loans, credit cards or a mortgage, managing both sides of your balance sheet effectively can help create potential wealth over time.
- 3. Asset allocation will be the main driver of portfolio performance over time:** Chasing a specific hot market idea or trying to time the market can hurt you in the long run and expose you to unnecessary volatility, which can allow emotions to drive investment decisions. When it comes to wealth management, we help our clients avoid emotional decision-making at all costs.
- 4. Learn basic income tax rules:** Taxes can erode your portfolio value in a real way. It is extremely helpful to know whether or not to use a standard deduction or itemize deductions on your tax return to optimize certain expenses.
- 5. You don’t have to be an expert:** You can work with a trusted financial advisor to help balance the risk needed to pursue your goals by putting a financial plan in place. Ask questions and learn without any fear of judgment or embarrassment. You can benchmark yourself to your own goals rather than to the day-to-day movements of the market. With financial planning, it’s never too late to start.

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