

“The Top 8 Net Worth Killers – And How To Avoid Them



Authored By:

A handwritten signature in blue ink that reads "Mark Huber". The signature is written in a cursive style and is placed on a light yellow rectangular background.

Mark Huber, CFP

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“The Top 8 Net Worth Killers – And How To Avoid Them”

Saving and spending aren't the only factors affecting your net worth.

How you manage (or don't manage) your assets and liabilities can make a big difference, too.

The following are the top 8 net worth killers around! Look out for these and beware their traps – to your wealth...

1. Ignoring your money

You call it buying and holding.

When what you're really doing, of course, is "buying and forgetting" or "owning and ignoring."

Your inertia could be costing you. So, "look at everything with a fresh eye. And ask yourself, 'What does this do for me?'"

Interest rates and economic factors play a huge role in the markets here and abroad.

To see how, click the link below...

http://www.andexcharts.com/c_ewall.htm

This is the chart that you will see in every financial institution in North America...

The Andex chart illustrates the various stock, bond, real estate, cash and gold markets and indexes from 1950 to present... See which asset class has performed the best – and the worst!

See what happens to your investments because of inflation

They can speed up or slow the cycle (and returns) of various investments – so that over time you will either have enhanced your returns – or not – simply by paying some attention to things and moving things around to take advantage of the

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opportunities that come along because of the various asset class cycles and where interest rates are.

Consider your stock and bond investments. Do they still fit with your investment plan? Do you even *have* an investment plan?

Maybe you have some old investments whose growth days are long past (if they ever achieved "lift off" at all) and which may be trading at a loss from when you got them eons ago. In that case, you might harvest your tax losses. That will offset any capital gains you may have now (going back 3 years) and into the future - indefinitely, thereby reducing your tax bill. And, it will free up money to be invested more profitably.

Next, consider your cash holdings. If you have thousands of dollars, or more, sitting in low-rate savings accounts or term deposits, "you're just giving money away."

For emergency funds and money you'll need soon for upcoming expenses like a down payment for a home, at least make sure you're getting a rate of 4.50 percent to 5 percent on it.

Typically, Internet accounts offer the best rates, such as those at ING Direct.
<http://www.ingdirect.ca>

For your longer-term money, it could earn much better returns in a broadly diversified investment account.

Check out a video that I made that represents the various asset classes and their historical returns. Just "left click" the link below to begin...

<http://howtobesetforlife.com/Videos/When8Beats13/When8Beats13.html>

2. Letting your assets linger

Net worth is a measure of your assets minus your liabilities. But all assets are not created equal. Hanging on to assets that don't do much for you may hurt your net worth long-term.

Sometimes, you should move an asset from one pot to another where it can produce more income. Monetize something that's not monetized.

Net worth is one thing, but cash flow is another. This is often where people go

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wrong with real estate.

For example, a second home may be worth a lot on paper, but how much money (to say nothing of time and effort) does it take to maintain. It may have value, but if you don't have the cash to pay for it, you'll lose it!

3. Buying too much house

While it's never smart to be penny-wise and pound-foolish when making important investments like buying a new home, it's also never smart to think, "Oh, what's another hundred thousand dollars when I'm already spending more than I ever have?"

The answer is quite a lot and possibly more than you can handle.

Besides a higher mortgage payment, factor in the costs of homeownership, which grow with the value and size of the home: Property taxes, home insurance and energy costs, for starters, not to mention future maintenance costs.

As a general guideline, it's best not to spend more than 2-1/2 times your income on a home. Your total housing payments should not exceed 28% of your gross income.

Total debt payments, meanwhile, should come in under 36%. That means payments on all loans, including your mortgage loan, school loans, auto loans and credit card debt.

4. Driving too much car

I have sometimes seen couples with car payments totalling \$1,400 a month. Would it kill them, I often wonder, to drive cars that combined would cost them closer to \$800 or \$900 a month?

A suggested rule of thumb is that you don't spend more than 8 percent of your monthly gross income on a car payment - less if you have credit card debt.

Money Magazine has estimated that driving less expensive cars could add an additional \$180,000 to your net worth over 30 years, assuming you invest your

savings.

Remember, in addition to your monthly payments, you'll be paying for insurance, fuel, maintenance and repairs.

To find out a car's cost of ownership over five years, use Edmonds.com **"True Cost To Own"** calculator here at:

<http://www.edmunds.com/apps/cto/CTOintroController>

5. Paying "Revenue Canada" - not yourself

Take a more detailed look at this with my free eBook **"8 Ways to Slash Your Taxes"**.

<http://www.howtobesetforlife.com/downloads/8WaysToSlashYourTaxes.pdf>

(Just "right click" and "save as" to your `desktop`)

6. Paying too much for insurance

Remember, every dollar you hand over for insurance is a dollar that you did not save or invest for yourself.

Become enlightened about insurance by reading my free eBook:

"The UnCanadian Way To Get Peace Of Mind AND Mortgage Insurance"

You can "download" it here at: <http://howtobesetforlife.com/resources>

7. Letting your debt lie

If you've got debt that you can't pay off in full, you may end up paying more than you have to if you just assume that there's nothing you can do about it.

In fact, you might be able to reduce what you owe if you keep an eye out for lower rates that may be available to you.

If you got an adjustable-rate mortgage at a low teaser rate in the past couple of years and it's scheduled to reset to a much higher rate, now may be the time to consider getting a fixed rate mortgage.

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If you've got credit card debt, transferring your balance to a lower rate card can save you money ... if you do it right. Make sure that there's not an onerous balance-transfer fee; and if there's not, move the balance to another card but be sure to pay it off before the low rate expires.

Also, to avoid lowering your credit score, don't close the higher-rate account after you transfer your balance out of it. If you do, you'll lower your total credit limit, and that will negatively affect your debt-to-credit-limit ratio.

Let me show you a simple, Step-By-Step Process for eliminating your debt – “The UnCanadian Way”.

To get your free copy of "**The UnCanadian Way To Get Out Of Debt Fast**" just go here: <http://howtobesetforlife.com/resources>

8. Always getting what you want

Living above your means and charging the difference is the financial equivalent of slow carbon monoxide poisoning. It makes pre-existing financial problems worse and is known to be THE killer of many marriages!

The solution: "Don't always keep buying what you want. It'll get you in trouble".

If you've built up a credit card balance, figure out the fastest way to pay it down.

First consider whether it makes sense to transfer your balance to a lower rate card.

You might also figure out where you can squeeze out some money from your current budget to make higher payments. Then automate your payments so that they go straight from your bank account to the credit card provider to avoid late fees or missed payment penalties.

I sincerely hope that "**The Top 8 Net Worth Killers – And How To Avoid Them**" has been useful to you.

I wish all the very best to you now and in your future endeavours.

What's your dream? Grab hold of it! It's yours...You're worth it...Go for it!

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If you have read this far – I congratulate you!

We sincerely hope that you will find this book to be of value to you and wish you well.

Furthermore, we trust that the ideas presented – when acted upon - will make your trip towards your financial success a rich and rewarding one.

Enjoy the ride and Best of Success!

Cheers!

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Mark Huber, CFP

"It's Your Life! Plan For It! Then Live Like You Mean It!"

Mark Huber, CFP is also author of - "The UnCanadian Way" series of reports, Ebooks, audios and videos...

Check out the full library of resources here at:

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About the Author

Mark Huber is a proud Canadian living with his wife in scenic Richmond, British Columbia, Canada.

For over 22 years, Mark has worked in the financial services industry. The focus of Mark's financial planning advisory practice is focused exclusively to British Columbian (BC) Canada residents.

Mark's boutique planning practice works with a select group of clients who all share a passionate vision for creating true wealth and living their dream lives.

Mark is author of "The UnCanadian Way" series of eBooks and audios. These powerful resources share innovative ideas and wealth building strategies to Canadians so that they will never again view their home, their mortgage, their debts, or their assets in the same way again.

Visit: <http://HowToBeSetForLife.com/resources>

Mark also maintains a premier financial planning site at:
<http://HowToBeSetForLife.com>

Another of Marks partner sites is here at:
<http://HowToGetRidOfYourMortgage.com>



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-The End-

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