

Five financial habits that could cost you more than you think

As markets fluctuate and headlines warn of uncertainty, it's easy to let fear drive financial decisions. But often, the real dangers lurk not in the market itself — but in our own habits.

Here are five of the most common financial mistakes to avoid, and what you can do instead to stay confident and focused on your goals.

1 Not tracking your spending

Losing sight of where your money goes each month is one of the quickest ways to derail your financial goals. While it may not seem urgent, failing to track spending can quietly eat away at your ability to save and invest.

Start by focusing on fixed expenses — like housing, insurance and utilities — before tackling variable ones such as dining out or subscriptions.

One of the best habits you can develop? Pay yourself first. Set up an automatic transfer from your paycheck or checking account into a savings or investment account. Once that money leaves your checking account, you'll be less tempted to spend it — and more likely to stay on track.

2 Carrying high-interest debt

Few things threaten your financial well-being like credit card debt. While not all debt is bad, anything with double-digit interest rates — typically above 10% — should raise red flags.

At that rate, debt compounds faster than most investments can grow. A general rule of thumb:

- Pay off high-interest debt first before investing heavily elsewhere.
- Low-interest loans, such as older mortgages with rates around 3–4%, can often be left in place while you invest funds that might earn higher returns over time.

Think of it as balancing the “opportunity cost” between paying down debt and putting your money to work.

3 Delaying retirement savings

Procrastination is one of the most damaging habits when it comes to long-term financial planning. The earlier you start saving for retirement, the more powerful the effect of compound growth becomes.

Consider this example:

- Investor A starts saving \$500 per month at age 25 and earns a 7% annual return. By age 60, their portfolio grows to roughly \$900,000.
- Investor B waits until age 35 to start saving the same amount. By age 60, they'll have just \$400,000 — less than half.

Even a 10-year delay can drastically reduce long-term results. Starting small is perfectly fine; what matters most is starting early.

4 Neglecting insurance coverage

Insurance may not be the most exciting part of financial planning but overlooking it can lead to damaging outcomes.

Comprehensive coverage helps protect both you and your loved ones from life's unexpected twists, like illness, accidents or worse. At a minimum, review:

- Life insurance to replace income or cover major expenses.
- Disability insurance to protect earnings if you can't work.
- Homeowners, auto and umbrella insurance to safeguard assets.
- Long-term care coverage, depending on your age and circumstances.

Many people assume they're covered but don't fully understand their policy limits or terms. Take time to review your coverage with a professional to ensure it aligns with your needs and goals.

5 Ignoring estate planning

Estate planning isn't just for the wealthy — it's essential for anyone who wants to provide clarity and security for their loved ones.

Without a will or trust, families can face delays, confusion and conflict when distributing assets. A proper estate plan also helps minimize taxes and legal costs while ensuring your wishes are carried out smoothly.

If you've ever experienced the stress of settling an unplanned estate, you know how painful it can be for the next generation. The time to act is now — before the "what ifs" become "what now?"

Conclusion

From budgeting and debt management to insurance and estate planning, the most damaging financial mistakes share one thing in common: avoidance. The potential fix? Intentional planning, consistent habits and guidance from a trusted advisor.

At Mesirow, we work closely with clients to help them align their financial plans with their goals — so they can sleep soundly, no matter what headlines or market swings come next.

Reach out to your Mesirow Wealth Advisor to learn how we can help you build confidence and clarity in every market season.

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