

# Financial Advice from Mom

## Her wisdom still rings true, but not for the reasons you thought.

When you were a kid, you probably thought any and all advice from Mom was "nagging." And most likely you didn't want to listen to her thoughts on money any more than you wanted to hear about eating your broccoli or cleaning your room.

But revisit some of Mom's greatest hits, and you'll find that she was actually dispensing some savvy financial advice. You won't be sent to your room if you don't follow it, but chances are you'll be wealthier if you do.

### Best Advice for Staying out of Debt

"Always have cash in your pocket when you leave the house."

Why it works - Your mom just wanted to make sure you'd have enough money to cover the cost of a cab ride home; today, when plastic reigns supreme, maybe you have gotten out of the habit of keeping actual bills in your billfold and are charging every expense instead.

But a bunch of little purchases can quickly add up to big debt: If you owe \$3,000 on a credit card that carries an 18 percent interest rate, say, and you make only a \$75 minimum payment each month, you'll owe an additional \$1,600 over five years.

So keep about \$50 on hand at all times, and use it to pay for those everyday expenses and small impulse purchases.

Or use a debit card. "If you don't charge it, you won't have to pay interest on it," says Gerri Detweiler, author of "The Ultimate Credit Handbook."

### Best Advice for Staying out of Debt, Part II

"Money doesn't grow on trees."

Why it works - You hated hearing this one as a kid, since it meant you weren't going to get something you wanted. Now that you're a grown-up, you don't have to deny yourself anything.

And who needs trees when you have banks? So what if you can't afford that \$500,000 home? You'll find a lender happy to finance 100 percent of your purchase, offer a loan with a low teaser rate or stretch out your mortgage payments over half a century.

But there's a catch, of course: You'll pay a small fortune in extra interest over the life of the loan, and you risk losing money should prices fall and you have to sell.

## **Best Investing Advice**

"There's no such thing as a free lunch."

Why it works - Sure, it's a cliché. But when everybody seems to be making money hand over fist, it's easy to forget about risk.

For example, you may be feeling tempted by emerging markets funds, which have returned three times as much as the average U.S. large-cap fund in the past three years.

But consider this: In the late '90s, emerging markets stocks lost more than 50 percent over 12 months, and they'll inevitably fall hard again.

So repeat after Mom: You can't get high returns without high risk. Any financial adviser who tells you different doesn't love you like your mother.

## **Best Career Advice**

Your earning power is your most valuable asset and, says financial planner Sheryl Garrett, "some of the best insurance you can have."

So take a chance and invest in you. Cultivate skills that make you indispensable (hint: There's a Microsoft Excel wizard in every office), take classes or go for an advanced degree, join a networking group, or spend a grand to update your business wardrobe.

After all, Mom said you should do it.

## **Best Advice to Keep Your Marriage Happy**

"It's good to have a little mad money."

Why it works - Mom probably hid her stash from Dad. Today there's no reason for keeping those kinds of secrets, but both spouses should keep a few bucks - some mutually agreed upon amount - available to spend at their discretion.

"Having a little money to spend on whatever makes you feel good makes you feel like an adult," says planner Garrett.

It's also healthy for your marriage: When you don't have to ask for your spouse's permission to buy a nice item of clothing or a special treat for the kids, you're much less likely to fight about money and much more likely to stick to the family budget the rest of the time.

## **Best Advice That Tastes Good Too**

"Let me show you how to make my chicken soup."

Why it works - So what's the connection between a nice broth and financial success? Use your noodle: Cooking meals at home can easily save you thousands of dollars each year on restaurants and take-out food.

Home-cooked meals are usually healthier too, thereby lowering your lifetime health-care costs.

"I consider that incredibly valuable financial advice," says Jon Gallo, co-author of "Silver Spoon Kids."

Hyperbole? Perhaps, but it's chicken soup; it couldn't hurt.

By Cybele Weisser – CNN Money