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Don’t Get “Fooled” Again When It Comes To Your Personal Finances

BMO advises Canadians on how to get their financial house in order starting April 1st

TORONTO, Ontario, April 01, 2010 — Today BMO advised Canadians on how not to get “fooled” again” this April 1st by considering five resolutions to get their financial house in order.

Don’t Get Fooled Into … :

Thinking you don’t have to take personal responsibility for your retirement

In 2009, the average Canada Pension Plan payment was a little over $500— barely enough to cover monthly food bills. Moreover, employer sponsored pension plans are getting increasingly rare. It’s clear that Canadians need to take charge of their retirement savings themselves. Open up a Registered Retirement Savings Plan (RRSP) and contribute to it regularly. You don’t have to put away a lot all at once if you start early—so don’t delay!

Just paying the minimum payment on your monthly credit card balance

Carrying a balance and only making the minimum payment each month puts you on a treadmill to nowhere. For example, a $3,000 balance at 18 per cent interest will take you 22 years to pay off if you pay only the minimum. Ideally, you should pay your entire credit balance monthly—or as much of it as you can.

Not having any or enough life insurance

The main purpose of life insurance is to provide for your family after you die. Make sure they don’t have to face undue economic hardship in the event something happens to you by ensuring you have adequate coverage.

Trying to time the markets/Not diversifying your investments

No one can time the markets. Not you, not your broker. No one. The best advice is to invest regularly as early as possible- regardless of market performance.

Further, whether it be mutual funds, bonds or stocks, the secret to successful investing is to invest in a wide variety of sectors. This strategy will help protect you from market volatility and let you sleep better at night!

Choosing a long amortization period for your mortgage

Sure, your monthly mortgage payments might be a little less—but a longer amortization period means paying more interest over the life of the mortgage. In fact, you can save up to $53,000 if you reduce your amortization period from 35 years to 25 years.