

## **APRIL FOOL'S! CAN YOU SPOT THE FINANCIAL MYTHS ON THIS LIST?**

**You have only one credit score, so you only have to check with one of the three major credit bureaus to find out what that number is.**

MYTH: You have three credit scores, and they can vary widely. That's why it's important if you're applying for a loan to check with that prospective lender to see which agency's score they use before you apply.

**I'm getting an extension on my 2006 tax return, so I can delay my 2006 IRA contribution too.**

MYTH: Delaying your contribution past April 17 means it won't apply to your 2006 return. It'll give you a jump on your 2007 contribution, though.

**I don't have to buy long-term care insurance because Medicare will pick up the tab.**

MYTH: Under certain limited conditions, Medicare will pay some nursing home costs for Medicare beneficiaries who require skilled nursing or rehabilitation services. But long-term stays in a nursing home? That comes out of your pocket to the tune of a current average of \$60,000-\$75,000 a year. That's why you need to plan for long-term care either with your own assets or through the purchase of long-term care insurance.

**A 25-year-old person who contributes \$200 a month to an IRA earning 8 percent annually until age 70 ½ could end up with as much as \$1 million for retirement from that investment alone.**

FACT: Dedicated, regular retirement savings as early as possible can produce the best results for a well-funded retirement.

**I don't need a lawyer to produce a valid will.**

FACT: In some states, you may be able to write a will yourself or use home computer software to do so, with one key requirement – you'll need two or more witnesses to sign the will at the same time to make it valid. However, if you have significant assets or a need to divide your estate among many people, it's really wise to consult an estate attorney.

**I can write off all expenses on my home.**

MYTH: Home additions, insurance costs, renovations, condo fees; don't think every dime you spend on your home is deductible as are property taxes and mortgage interest. This is why it's critical to work with a tax advisor or a financial planner when determining what home-related issues are deductible.

**Disability insurance is a critical part of a financial plan.**

FACT: Long-term disability insurance is critical if you are self-employed – you need a source of replacement income if you're unable to work. But it's also important to have if you work for an employer – most companies provide only short-term disability coverage.

**The average American college student graduates with \$8,500 in debt.**

MYTH: Roughly two-thirds of American college graduates are leaving school with substantial debt to pay off – an average of \$19,200, according the Project on Student Debt.

**Cash-back credit cards will put more money in my pocket**

**MYTH:** Only if you pay off those balances every month. Rewards cards traditionally carry higher interest rates than other cards, so if you don't pay your balance off in full, you're better off with a low-interest credit card than you are with a cash-back or rewards card.

**My credit score can actually affect my insurance rates.**

**FACT:** Increasingly, insurance companies are using credit scores as one predictor, not only of on-time payments, but also of an individual's overall financial behavior that increases their level of risk. Financial institutions and employers are increasingly checking credit scores to decide which customers they plan to accept.

**You'll get every dime out of a home remodeling project when it's time to sell.**

**MYTH:** Valuing home remodeling projects is tricky business, particularly in a slower real estate market. Home improvements can add to your property's value, but the days of speedy renovations becoming big moneymakers are over. What really appreciates? The value of the land underneath the house. That doesn't mean don't renovate – do so for your own pleasure and for the basic maintenance of the home. Just don't expect to hit the lottery doing it.

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