# Some Common Mistakes

1: Excessive Spending

It may not seem like a big deal when you pick up that double-mocha cappuccino, have dinner out or order that pay-per-view movie, but every little item adds up. Just 1750 Rs per week spent on dining out costs you 91,000 Rs per year, which could go toward an extra mortgage payment. If you are enduring financial hardship, avoiding this mistake really matters – after all, if you're only a few steps away from bankruptcy, every penny will count more than ever.

2: Never-Ending Payments

Ask yourself if you really need items that keep you paying every month, year after year. Things like cable television, music services or fancy gym memberships can force you to pay unceasingly but leave you owning nothing. When money is tight, or you just want to save more, creating a leaner lifestyle can go a long way to fattening your savings and cushioning yourself from financial hardship.

3: Living on Borrowed Money

Using credit cards to buy essentials has become somewhat normal. Credit card interest rates make the price of the charged items a great deal more expensive. Depending on credit also makes it more likely that you'll spend more than you earn.

4: Buying a New Car

Millions of new cars are sold each year, although few buyers can afford to pay for them in cash. However, the inability to pay cash for a new car means an inability to afford the car. After all, being able to afford the payment is not the same as being able to afford the car. Furthermore, by borrowing money to buy a car, the consumer pays interest on a depreciating asset, which amplifies the difference between the value of the car and the price paid for it.

5: Spending Too Much on Your House

When it comes to buying a house, bigger is not necessarily better. Unless you have a large family, choosing a 6,000-square-foot home will only mean more expensive taxes, maintenance, and utilities. Do you really want to put such a significant, long-term dent in your monthly budget?

6: Not Investing

If you do not get your money working for you in the markets or through other income-producing investments, you cannot stop working - ever. Making monthly contributions to designated retirement accounts is essential for a comfortable retirement. Take advantage of tax-deferred retirement accounts and/or your employer-sponsored plan. Understand the time your investments will have to grow and how much risk you can tolerate. Consult a qualified financial advisor to match this with your goals if possible.

7: Paying Off Debt with Savings

You may be thinking that if your debt is costing 19% and your retirement account is making 7%, swapping the retirement for the debt means you will be pocketing the difference. But it's not that simple. In addition to losing the power of compounding, it's very hard to pay back those retirement funds, and you could be hit with hefty fees. With the right mindset, borrowing from your retirement account can be a viable option, but even the most disciplined planners have a tough time placing money aside to rebuild these accounts. When the debt gets paid off, the urgency to pay it back usually goes away. It will be very tempting to continue spending at the same pace, which means you could go back into debt again. If you are going to pay off debt with savings, you will have to live like you still have a debt to pay - to your retirement fund.

8: Not Having a Plan

Your financial future depends on what is going on right now. People spend countless hours watching TV or scrolling through their social media feeds, keeping aside two hours a week for their finances is out of the question. You need to know where you are going. Make spending some time planning your finances a priority.