9 Financial Mistakes to Avoid in 2024

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Welcome to the new year — the starting gate of our next 365-day race. Here we are, toes on the line with that new year's unbridled optimism. We all have that voice saying, "This year, it's going to be different." But let's pause for a second — will it really? Without a solid game plan, you're just sprinting off blindfolded.

Today, let's break down nine things you absolutely should not do as you kick off your new year. And no, we're not talking about the usual suspects like hitting the gym or giving your living room a facelift. Let's pivot to something less flashy, yet crucial — your finances.

Here's the deal: To genuinely pull ahead this year, you need to dust off those neglected, cobweb-covered corners of your financial house. The ones you've conveniently ignored or barely glanced at. Those are the game changers. Let's dive in.

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1. Not having insurance

It's like going into a storm without an umbrella. No insurance? You're asking for trouble. A single mishap could lead to a financial deluge. The solution is simple: Get insured. Health, car, home — cover your bases. It's not just sensible; it's essential.

If this seems like a mammoth task, hire it out. Get a broker to analyze what’s best for your situation. It might cost a dollar more, but it’ll save you thousands if you never got insurance to begin with.

Bonus points: Get your family on board for the new year, too. This will not only be a lifesaver for you and them (quite literally) but might also get you all some discounted deals as well.

2. Not having an emergency fund

Imagine your car breaks down or you face a sudden medical bill. Without an emergency fund, you’re flirting with debt disaster. The game plan here is straightforward: Build that fund. Aim for a cushion that can cover three to six months of expenses. It’s your financial shock absorber.

Don’t know where to start? Consider opening a bank account that automatically deducts $50 from your incoming pay. And if this seems difficult, call up your bank and get them to set it up. The key here is to set it and forget it (until you need it).

3. Not planning for taxes

Taxes can be a ticking time bomb if ignored. Waiting until the last minute invites stress, mistakes and penalties. The wise approach is to tackle your taxes all year round. Keep track of your expenses and deductions. It’s about turning a headache into a manageable task.

Let’s break it down easily. Your best game plan here is to get in touch with a reputable tax professional who can sketch out the fine details for you. Get the professionals to make you a plan, and just follow it through. Again, it might cost more upfront, but it will save you enormously when tax time comes

around.

4. Paying only the minimum on credit cards

It’s a trap! Minimum payments keep you in a perpetual debt cycle. The accruing interest turns what was once a molehill into a mountain. Break free by paying off more than the minimum. Better yet, clear the whole balance monthly. It’s the smart way to keep interest costs in check.

Tackle it like your emergency fund – automatically allocate money out of your incoming pay. This way, when you look at your balance, you’re looking at what you can use with peace of mind.

Related: Got 15 Minutes? Improve your Financial Health With These Quick Tips.

5. Not having financial goals

Sailing without a destination leads nowhere. Without financial goals, saving and investing becomes aimless. Set clear, achievable objectives. Whether it’s a down payment for a house, a dream vacation or a comfortable retirement, having a target gives your financial efforts direction and purpose.

If you’re unsure of what this might look like, start by saying what you don’t want. That might be debt, stress, being financially constrained – you name it. Then turn this into a goal for yourself to avoid this year, and you’ve got a good place to start.

6. Not checking your credit score

Your credit score is the gateway to your financial opportunities. Ignoring it can lead to nasty surprises at the

worst times (like loan rejection). Regular checks are a must. It’s about being proactive and addressing issues before they become problems.

Make it easy for yourself. Get your accountant to do this for you. Here’s another bonus – set this up as one of your previous financial goals for this year. Chat with your accountant about what you can do to get that score up. Then set it in action.

7. Not investing

Letting your money idle in a low-interest savings account is a missed opportunity. Inflation can erode your savings’ value over time. Investing offers the potential for huge returns. Research, understand your risk tolerance, and start putting your money to work.

For anyone who hasn’t attempted investing before, join an investing group. You’ll get great insights into opportunities, you’ll get educated and maybe find some great networks, too.

8. No budget

Operating without a budget is like driving with your eyes closed – you don’t know where you’re going until you crash. A budget is your financial roadmap. It helps you track income, control spending and ensure you’re steering towards your financial goals.

The best source of information to help you build your budget is you. Look back over your bank statements. See where your money went last year. And aim realistically. Cutting back $50 per week on unnecessary expenses is a win in itself.

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9. Ignoring debts

This is a one-way ticket to financial stress. Unchecked debts grow, interest compounds, and before you know it, you’re in over your head. The solution? Face them head-on. Create a repayment plan prioritizing high-interest debts, and stick to it. It’s about reclaiming control.

Book an appointment with your accountant as soon as they’re open in January. Get real about the looming clouds over your financial freedom, and let them make a plan for you to follow. Remember: If it’s too hard, hire it out.

So, let’s raise a toast to the new year — not just to what it brings, but to what we’ll avoid to make it truly spectacular. Here’s to making smart choices, to being financially fearless, and to a year where the only downfalls are the ones we expertly dodge together. Wishing you and your family a prosperous (and financially abundant) year ahead. Happy financial planning!

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