Avoid falling for these
Five Financial Myths

1 To be an investor, you have to have lots of money

When you turn on Fox Business or CNBC, you're likely to see interviews with extremely wealthy investors – this can lead to the perception that all investors are wealthy. People may think they can't invest or that their small amount in the bank is not worth investing. But the reality is that **investing is not just for the rich**. There are several low-minimum options for individuals who want to start investing. Since your employer offers a retirement plan, start there. In an employer-sponsored retirement plan, whether it's a 401(k) or 403(b), you don't need to contribute a lot up front and there are no initial fees to get started.

2 Timing the market leads to financial gain

Don't make short-term decisions with long-term money. For individuals working towards long-term retirement goals, one of the **most important strategies is time in the market, not timing the market**. Staying fully invested is particularly important when there is market volatility, because the best and the worst days in the market tend to be clustered together. If you were lucky enough to miss the worst days, you also were likely to have missed the best days, which will impact your returns over time.

3 You get what you pay for

With most products and services, there is an assumption that a higher price indicates higher value or quality. But when it comes to investing, **lower cost tends to benefit investors over time**. Academic research has shown that high investment costs make outperformance difficult over the long-run, potentially impacting your future goals.

4 I don't need an emergency fund

An emergency fund helps protect against unforeseen circumstances that can have serious financial consequences. Many people believe emergency situations won't happen to them, but it's when you least expect it that it can be most financially damaging. A dedicated emergency fund, set aside in an easily accessible savings account, can help prevent needing to charge expenses to a credit card. The average credit card interest rate is around 16 percent, so if you are not in a situation to pay off an emergency expense such as a hospital bill or mechanical repair right away, the charge can quickly snowball. The fund should **cover three to six months of expenses and can be built up gradually**. Start by putting a small percentage of your paycheck into a dedicated savings account each month.

5 I'm young and don't need to worry about saving for retirement yet

In your 20s and 30s, retirement feels like a lifetime away. There are always other pressing financial priorities to worry about, such as student loans or a down payment on a house. But **delaying retirement savings early on can cost a lot in the long run**. Numerous studies show that the earlier you start to save, even if it's a small amount, the more you will have when you reach retirement, due in part to compounding interest. Compound interest is when interest earns interest. The money initially invested earns interest and over time that interest is reinvested and earns its own interest. Plus, putting away money early on helps to develop the discipline of saving.

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