

## 5 personal finance myths you probably still believe

You don't have to have money to care about personal finance



by Robert R. Brown  
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I get a kick out of the television series *Mythbusters*. For those of you unfamiliar with the program, each week the show's stars, Jamie and Adam, try to prove or disprove (busted!) popular myths, adages and urban legends. I mean, how can you not like a show that answers such important questions as "Can octopus eggs hatch inside a human's stomach?" Or "Could a port-a-potty gather enough methane to explode?" There's simply something strangely appealing about a program that's equal measures explosives, bleeped profanity and questionable science.

There are also a number of persistent myths in the world of personal finance. Unfortunately, these fallacies can be potential barriers to people who are just starting to take control of their financial situations. However, the Discovery Channel has yet to see the potential in creating a spin-off from *Mythbusters*, which could be called *Walletbusters*. I'm sure they'll be returning my call shortly, but in the interim let's take a look at five of those money myths right now.

### 1. Personal finance is only for people who already have money

I think this notion may stem from people putting too much emphasis on the finance part of the term personal finance. When we hear the word finance, we conjure up all sorts of images like tall bank buildings, stock market tickers and Donald Trump's hair. It can be intimidating. And disturbing.

However, it's the personal part that's truly important. Personal finance is for everyone, as we all have our own unique circumstances to deal with. It's about managing your individual situation, actions and attitude in a manner that's best for you—both now and for your future.

## 2. You need to be a math genius to be good at personal finance

Thankfully, you don't need to have a Sheldon Cooper-like understanding of mathematics in order to manage your money successfully. I know people who are truly gifted at math, virtually walking spreadsheets, whose personal finances are in shambles. I also know people who are calculator dependent but are in outstanding shape financially.

Put another way, you don't have to know how to calculate multiple years of compound interest growth, with ever-changing contribution amounts and varying rates of returns, to get a handle on how well your investments are doing. There's about a kazillion online calculators to do that for you. The much, much more important thing is that you actually save some money so that you can take advantage of that compounding.

## 3. Personal finance is mainly about investing

This is one of the most persistent misconceptions I encounter. Investing and personal finance are not synonymous. Investing can be part of sound money management but for those who are just getting started, it's usually a small part. Fundamentally, personal finance is more about devising a budget, spending less than you earn and being comfortable living within your means. Investing needs to wait until you, well, actually have some money available to invest.

## 4. You need to understand all of the lingo and acronyms in personal finance

Nope. Very few people fully grasp all of the assorted jargon and alphabet soup that clutter the world of personal finance—and those that do, well, they really should try to get out a little more.

Of course, this isn't to say there aren't some basic terms you'll need to know and understand. But trust me when I say they're not as daunting as you may think. In fact, as counterintuitive as it seems, the most effective financial plans are often the simplest ones. And as I'm a simple man, I find this concept very reassuring.

## 5. Getting my personal finances under control can wait

Actually, this one's true. Sort of. If you're young, you can definitely choose to worry about it down the road. (Bet you didn't think I'd say that!) But if you *do* wait until later in life to get your financial house in order, I guarantee you'll be worrying about it then. Survey after survey state pretty clearly that the number one source of stress and worry for Canadians over 40 is money matters. Why on earth would you want to do that to your future self? Avoid the worrying altogether by starting down the right financial path as early as possible.

So what have we learned so far? Myths and misconceptions can be fun on television, but not so much when they limit our ability to begin to improve our finances. The #MoneyHacker column will explore ideas and subjects aimed at readers who are either newbies to personal finance or those who want to brush up their general knowledge. (It's never too late to go back to school.) We'll look at some tips, tricks and techniques to help you manage your money better—and try to have some fun along the way, too.

Meanwhile, I've always wondered if a frozen turkey will actually explode when it's put in a deep fryer. Would someone hand me the remote please?

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