

Does conflicting financial information have you confused? Here's what to do!

In the world today, information is coming at us faster than a F11 fighter jet flying at Mach 2. However, the speed of the information is not the problem; it is the conflicting information about financial products and techniques that is confusing.

A recent article in a reputable publication stated that 401(k) loans are now an acceptable practice. For many years, however, 401(k) loans were considered a poor financial move. Another popular magazine just published an article stating that fixed indexed annuities are bad for seniors. Yet, there are many advisors who believe that fixed indexed annuities can be good for anyone over 50. Others argue that term insurance is the only type of life insurance to buy, while many argue that whole life or universal life is the only way to go.

How do you decide who is right? How do you decipher all of the conflicting information? Who should you believe or trust?

The truth is that most news articles are written by journalists, not financial advisors, and in many cases both sides of the story are not told. The same can be said of television and radio reports. The people presenting this information are trying to sell papers, magazines, and advertising. While these may be good people doing their best to inform the public about the facts, they are not always giving a complete picture. Unfortunately, many reports and articles only give one side of the story, often presenting examples that only affected a small group of people negatively.

If we were to go back even 15 years, most people got their information from a financial advisor they trusted. People took their advisor's word, and didn't have access to as much potentially conflicting information. Questions could be asked and answered. By the same token, some of these advisors did not have integrity and sold their clients financial products or recommended techniques that did not work.

The truth is:

- Every financial product and planning technique has its pros and cons.
- Every financial product and planning technique carries a certain amount of risk or opportunity.
- Every financial product and planning technique is not designed for every individual, as everyone's situation is unique.

Information is just that... information. Today you must consider everything you read and hear as only the beginning of a learning process. Before purchasing any financial product or utilizing any financial planning technique, you must first complete a self evaluation of your personal situation.

You must create a balance sheet and a cash flow statement. You need to sit down and write down your financial and lifestyle goals for the next 5, 10 or 20 years. You must then complete an assessment of your risk tolerance. You need to assess how much risk is needed, if any, to reach your goals.

Once you have completed this process of self evaluation, it is time to choose the financial products or techniques that will help you reach your goals. With every financial product or technique, you will want to research both the positive and negative aspects of investing in that product or using that technique. An experienced financial advisor can be very helpful during this process.

Now it is time to ask yourself some questions. Can I handle the negatives or downsides of a particular financial product? Will this product help me reach my goals? How much risk am I assuming? Do the positives outweigh the negatives? Am I comfortable with my choice? Do I fully understand my choices?

The key to reading any financial article or listening to a TV report is to pick out the facts. Once you know the facts, then you can decide if the information being presented applies to your personal situation or not. If you can't identify the facts, you need to seek advice from a professional who can.

Just because someone says a 401(k) loan is bad, it doesn't mean it is necessarily bad for your personal situation. If you can't pay your debts, can't get a loan from a bank, but still need to eat, then a 401(k) loan might just be the best thing to do. Everything a person does must apply to his or her situation based on the facts of that situation.

So, as Sergeant Joe Friday supposedly said on Dragnet: “Just the facts, ma’am!” Don’t let the vast amount of information available confuse you. By simply doing some research and considering both the pros and cons of any product or technique, you will feel better and more confident about your financial future!