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Even people with high incomes and a high net worth make basic financial mistakes.

Here are 5 common ways we've seen the wealthy (and the "aspiring wealthy") waste money:

1. Not keeping your investment fees in check. Our industry is (unfortunately for investors) savvy about hiding fees and expenses and we typically find that you are paying much more than you need to be in your investment funds.

2. Hoarding money at the bank while earning negligible amounts of cash flow. It's one thing to have emergency savings, but it's another thing to have "dusty money" that's idle at the bank, losing value to inflation every year. Your money should be working for you.

3. Paying too little attention to tax consequences of investment moves. Changing "asset location" in your portfolio by moving higher-yielding investments into tax-deferred accounts and utilizing "tax-loss harvesting" strategies in your taxable accounts may significantly decrease the taxes you owe.

4. Paying too much attention to tax consequences of investment moves. We understand you may strongly dislike paying taxes, but it's a mistake to hold on to investments too long and watch the value drop just because you would've owed some capital gains tax. Don't let the tax tail wag the investment strategy dog.

5. Underestimating your future lifestyle expenses in retirement. First of all, inflation is real, and we are living a lot longer than we used to be. Second of all, any rule of thumb that assumes you'll suddenly cut your spending once you stop working is likely inaccurate. You may replace work-related expenses with more leisure or travel spending (and perhaps an increase in medical expenses).

We hope you found at least one of these five to be a helpful reminder in your personal financial life.

Our core purpose at Pacific Capital is to help you enjoy life by removing your stress about money. Schedule a brief Goals Conversation® with our team by visiting our [website](#) today - no cost or obligation involved. You may also click [HERE](#) for our google reviews.

