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even FINANCIAL EXPERTS Make Mistakes

BY ERIC BUTTERMAN

Before they could teach you, they had to learn a few lessons themselves. Find out about the **BIGGEST MONEY MISTAKES financial experts ever made.**

WHEN YOU HEAR FINANCIAL EXPERTS SPEAK you might think they've never made a financial mistake in their lives. And that would be your first mistake. Everyone has made a less than stellar money move—and, in fact, it's sometimes the mistakes themselves that helped them grow like the rest of us. We talked to three brave experts who were willing to spill.

LIZ WESTON

One of the most famous financial columnists in the country, Weston once thought she'd live in Alaska forever—and bought that way in the latter half of the 1980s. "I purchased a retirement property in my 20s because I thought I would be living there in my 60s…" says the Bestselling author of *Your Credit Score*. "But I didn't foresee things like the newspaper I was writing for going under. All of a sudden I ended up getting another newspaper job in California, and life is completely different." But she could always retire in Alaska anyway, right? Not a chance. "Not only do I not see myself living on that property—there aren't any roads for 80 miles—but I literally can't give the land away. I just couldn't get a buyer. Even if I wanted to give it to the state for the tax breaks, it still costs you more than those breaks to have it appraised!"

The amount lost? Around $20,000, as she recalls. If just 70 percent had been put in a conservative stock fund and the rest held in cash? It's likely more than $100,000 today.

The biggest takeaway for Weston is: You don't know your whole future in your 20s—so don't buy that way. "Have a retirement fund but don't think you can plan how everything will be," she says. "I see a lot of people who feel pressure to buy early. Their parents told them to, they think it's what they should do—but that's not a good enough reason. And look how many young homeowners got hit by the housing situation just a few years ago. Also, like stocks, if you're going to buy, think about your exit strategy. I didn't have one!"

But just because it didn't work out doesn't mean it should stop you from purchasing property. "I've been a homeowner for close to 20 years and I love it," she says. "I wouldn't let it scare me from owning my own home, but maybe a little bit when it comes to raw land. I had a pilot's license so I just thought I would fly around Alaska when I needed to get somewhere. Is that going to be practical when you get older? Maybe not."

JORDAN GOODMAN

He was on staff at *Money* magazine, but even Goodman wasn't immune to falling into what he calls a bit of a money pit. The author of 13 best-selling books including *Fast Profits in Hard Times* thought he'd take a little fixer-upper, add $100,000 in improvements and call it a day. But oh, what a long day it was! "This house needed a lot more in renovations than I thought," he says. "The inspector can see many things, but they probably can't tell you that you need a new sill plate. There was other rotting from related leaking. The roof had to be replaced. When it was all said and done, it cost us $400,000. But it was also the time involved—the work went on for nine to 10 months and we didn't think it would take that long to close."

Beyond this, Goodman says he also didn't fully consider the ongoing costs. "This was a property with a 5,500 square-foot house," he says. "I didn't think enough about how improving the value would translate to increased property taxes. It ended up being $15,000 a year more than what I thought. It also affects your home insurance rate—it got to be around $4,000. And then there's the cost of maintaining everything."

What did he learn? "If it's a fixer-upper then don't just go with an inspector—get a contractor to look it over," he says. "I also think you should be conservative when it comes to calculating costs of fixing up a place. I'd say expect triple the cost you originally think, and that way you're prepared, no matter what."

Goodman, who's appeared on *The View* and *CBS Evening News*, also says be wary of just thinking you can flip a place. "We weren't trying to do that, but my story is an example of some of the unexpected things that could happen if you were," he says.

But at least there's good news. The house was sold in 2012 for around $1.5 million, and he admits to having enjoyed the 18 years in the Scarsdale, New York home. Today Goodman is a renter. "I liked that house," he says, "but I will say it's nice to have someone else paying to keep up this new place!"

ERICA SANDBERG

This editor at large for CreditCardGuide.com and author of *Expecting Money: The Essential Financial Plan for New and Growing Families* is even willing to admit multiple mistakes. A tiny pain came from a jacket she bought on credit that she couldn't afford—and cost her double after credit card financing. Still, it was the restaurant she couldn't say no to that was the ultimate fly in her soup.

"When I started working, I managed to get ahead pretty quickly," she says. "A good sum of money was just sitting in the bank, and I had no direction on what to do with it. I ran into a friend, and she told me she was looking for investors for a restaurant." Her friend had never opened one before, but Sandberg admits she was enamored with being part of a cool bar/restaurant in San Francisco and thought it would be as simple as franchising. "I just immediately said yes and jumped in!" she says. "Most restaurants fail—and so did this one."

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So $5,000 later, what would she have done different? "I didn't even take the time to talk to someone who was in the restaurant industry," she says. "It also would have paid to talk about it with a financial advisor—or at least someone I knew with strong financial knowledge. I had no idea what the odds against us actually were. One advantage of the Internet is you can research almost anything. When someone approaches you with something like this, do your homework. Don't be in a hurry. It's important to learn that just because something sounds fun doesn't mean you should just hand over your money."

But Sandberg also doesn't allow that bad decision to keep her forever on the sidelines. "I still believe in risks today and I wouldn't let that experience stop me from going for something I believe can be successful," she says. "You just can't do emotional investing—think like a business!" ■