Don't "Kanye" Your Financial Future
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Entertainer Kanye West. Former major-league pitcher and Hall-of-Famer Curt Shilling. NFL Hall-of-Fame defensive lineman Warren Sapp. Actor Gary Busey. Boxer Mike Tyson. The Vanderbilt's.

Other than being famous names in a celebrity-driven culture, the people listed above may not seem to have much in common. They come from very different backgrounds and a variety of professions. However, they all share one common trait which has altered their families' financial futures. All of the names listed above have squandered multi-million dollar fortunes.

Kayne West made headlines around the world recently when he revealed that he was more than $53 million in debt, despite the fact that he has sold more than 32 million albums and 100 million digital downloads throughout his career, and his 2013 "Yeezus" concert tour earned the entertainer more than $72 million pre-tax. Many fans and the media are asking how it is even possible that one of the most recognizable and successful figures of the last decade has accumulated such a mountain of debt?

Simply put, West – and all of the celebrities listed above, as well as countless others – lived a lifestyle that extended well beyond their financial means. Rather than setting money aside for the future, many celebrities, and in particular professional athletes, operate as if the money they make in their heyday will be constant for the rest of their lives, never taking into account that, when their career is over, income will slow down and expenses will need to be trimmed. As a result, when that time comes, many end up in financial distress.

Most of us will never have the luxury of the income of a Kanye West, or will have to deal with the volume of expenses of other celebrities, but spending more than you earn is a very common trap that a number of people fall into, causing both financial and emotional stress. As a result, their financial futures are not as secure as they could be.

So how can you avoid "Kanye-ing" your financial future? Here are a few tips everyone should keep in mind as they plan their finances:

- **Plan out a monthly budget – and stick to it**: The easiest way to limit your family's expenses is control how much is being spent every month. Sit down with your spouse or partner and talk about how much you need for essential items (bills, tuition, etc.), how much discretionary money you want to keep each month for things like dinner out, and how much you can afford to put into savings. There will always be unforeseen things that come up, but by budgeting as much as you can you'll be able to track your expenses and have a good idea of where your money goes. Which leads to…

- **Pay yourself first:** This is probably the most common pitfall individuals make when dealing with their finances. They get so caught up in paying the bills that they forget that it's impossible to accumulate any type of wealth if they don't save. Every month, put aside a certain percentage of your monthly income, and pay yourself first – before any bill is paid. You may be surprised at how quickly it can accumulate over time.

- **Keep an emergency fund**: Listen, life happens. Unexpected expenses or life-altering events come up, and you need to be prepared to respond to them. We suggest that all of our clients have emergency resources put away in the event that they are needed. The amount varies by individual, but a good rule of thumb is six months' salary.

- **Cut up (or at least limit) the credit cards**: The easiest way to overextend your financial resources is to develop large sums of credit card debt – considered bad debt. It does make sense to have a credit card; for example – in the event of an emergency. However, in the age of debit cards and pay-by-phone, credit cards just aren't needed the way they once were. We suggest a card with a low credit limit that can be paid off every month to help establish good credit. Otherwise most of your money goes toward just making minimum payments, allowing the interest to pile up and put you further behind the eight-ball.

- **Contribute to your retirement:** Gone are the days of pension plans, but most companies offer employees 401(k) or IRA programs in which the company matches a certain amount of the employee's contribution. Take advantage of this! You're basically doubling your retirement investment for free.

- **Work with an advisor to develop a financial plan that will pursue your long-term goals:** Everyone has different financial goals and needs, but it helps to have an advisor to guide you through the process. Over time, we all want our money to grow, and financial advisors can put together plans and products based on your individual goals that puts your money to work for you, giving you a planned financial future.

These suggestions are just the tip of the iceberg, but by spending some time planning and thinking about finances, you can help avoid the traps that many of the "rich and famous" fall into. Nobody wants to be staring into the abyss wondering where their money has gone. Following the simple steps above can help you develop a structured financial future.

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