

# Financial Advice from Your Friends

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Many people are do-it-yourselfers when it comes to their finances. As a financial professional, I've seen people who are pretty good at it. Generally, I meet them when they come to me for a sanity check—a professional's review of whether or not they are on track for their goals. Always, there's something I can recommend that they didn't think of, and they appreciate receiving my input.

Unfortunately, some do-it-yourselfers are a mess—and their mess is compounded by the fact that they don't know that they're a mess. So your buddy who makes all his own financial decisions after reading (which may be giving him bad information) or who uses his own brand of logic (which may be illogical) may be unintentionally giving you bad advice.

Even if your friend is managing his or her finances effectively, there's another pitfall:

Your friend's situation may be different from yours. The point is that what your BFF from college is doing may be perfect for her, but doesn't fit you. Perhaps she earns more money than you do. Or less.

Maybe you and she have saved about the same amount for your investments, but her tax situation is much more complex than yours. Several years ago, I was proposing a tax credit to a prospective client. It was pretty complicated, and at some point as he was struggling with whether or not to utilize it, I told him I owned this same tax credit. That gave him lots of comfort, but I suddenly felt like it gave him a little too much comfort, so I told him that I was also wearing a red dress, but that the red dress wouldn't look good on him.

Financial advice isn't "one size fits all." So take the advice of your friends with caution. Get advice from a professional who's looking out for you—without their own agenda clouding that advice.