MANAGING YOUR FINANCES

Money Moves You May Not Want To Make

Short-Term Financial Solutions Often Have Long-Term Repercussions

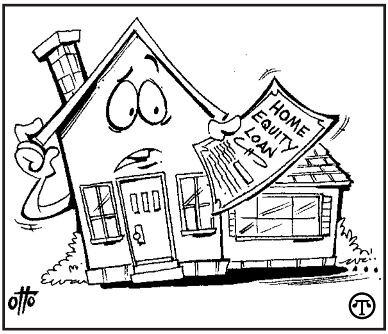
(NAPSA)—Sound financial advice doesn't change much from year to year. Bad money management ideas, however, seem to flourish and grow with each passing season.

"Ultimately it's up to you to resist bad advice and protect your own financial future," says CNBC on MSN Money personal finance columnist Liz Pulliam Weston.

Weston has outlined three of today's most common money moves often considered to be sound financial advice, that can actually end up putting consumers even further in debt:

• Use a home equity loan to pay off credit-card debt. While lenders love to tout home equity loans as a way to pay off credit cards, the only way this maneuver really helps, is if you stop using your credit cards completely. Nearly two-thirds of the people who borrowed against their home equity between 1996 and 1998 to pay off credit card debt had run up more debt within two years. By borrowing more against your home, you whittle away the amount of equity available in case of an emergency and ensure that you continue to pay hundreds or thousands of dollars a year in interest to your lender.

• Borrow from your 401(k). Eighty-three percent of American workers covered by 401(k) plans can borrow against their accounts, and about one in five participants has an outstanding loan as a result of doing so. People who borrow from their workplace retirement funds can be putting their retirement at risk. If they lose their jobs, the loan must be repaid, typically within weeks. If not, the loan balance is taxed and penalized as a premature distribution. Like home equity, retirement funds are best left alone to grow—and to be there for you when you need it.



Getting a home equity loan to pay off credit cards only works if you don't run up more debt.

• Stretch to buy a house. It may seem tempting to buy the biggest and the best home possible, but anyone who has been house-poor knows the emotional, psychological and financial stress of stretching too far. Buying too much home could mean giving up other things you want or it can mean more debt as you borrow to try to maintain your lifestyle. Homeowners should also plan on spending at least one percent of their homes' value on maintenance and repairs.

To find out more about how to manage your money and make smarter financial decisions, visit CNBC on MSN Money (http://money.msn.com), or check out Microsoft Money software, which offers tools and features designed to help manage and eliminate credit-card debt while planning and budgeting for the future.