Baby Boomers' Common Financial Mistakes

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MIAMI (CBSMiami) – Workers in their 40s and 50s don't have a lot of time left to secure their financial future, and there are several common mistakes that often threaten their dreams.

The consequences of the wrong financial mistakes are very real. One recent study projected one in five American workers won't ever be able to retire.

Financial Planner Dana Levit of Paragon Financial Advisors said the problem for this age group is they don't have much time to correct mistakes.

One problem is carrying consumer credit card debt into retirement. A national study found middle and low income households headed by older Americans carry an average balance of close to $8,300; the study found the balance to be about $6,300 for younger households in the same demographic.

"Once you get into habits, it is really hard to change," said Levit. "You get used to a certain lifestyle. You are talking about correcting things you have been doing for a number of years. That is tricky."

Another potential pothole is co-signing a loan for a child.

"You are putting your credit on the line and you are totally at risk if that child defaults," said Levit. "You may need a car yourself. You may want to apply for a mortgage yourself. If your credit is not top notch, you are going to be paying high interest rates."

It can also be risky to take out a student loan in a parent's name. Experts say they should be the obligation of the child.

In these days of inflated tuition, Levit says families have to be realistic when choosing a school, so no one ends up drowning in debt.

"It is very hard to get a 20-year-old to understand that," said Levit.

Another pitfall is retiring without enough savings. But the tax laws for 401k's change when a person turns 50.

"50 is a critical age. The IRS says that at that point when you hit 50, you can do catch up contributions," said Levit.

$5,500 can be contributed tax free annually after 50.