

Personal Profits

American Way Staff

Personal-finance software like Quicken and Microsoft Money can tally up how much money you've got, how much more you need to get, and even advise where you can best get it. What it can't do, however, is input your financial information. So if you aren't disciplined enough to sit down and enter your financials on at least a monthly basis, you're better off just sticking to traditional methods. "Personal finance software today is no longer a simple, easy fix. There are books out there — 1,000 pages long — teaching you how to use it," says certified financial planner Sean Sebold, president of Sebold Capital Management. "I would say it is now an integrated solution, and can be very complicated," he says.

But if you're a Type-A, budget-minded personality with an uncomplicated portfolio (which today means maybe a checking account, a savings account, a couple of 401Ks, a 529 plan, and some Roth IRAs) this software can be a dream come true. To keep that dream from becoming a nightmare, Sebold recommends that you enter and check information meticulously, because problems can be difficult to fix. He uses Quicken for his own finances, and it once took him two hours to sort out a \$10,000 mistake. Another thing he cautions users to be aware of is the assumptions these programs make, like in retirement calculators, for instance. Rates of return, standard deviations, and correlations between assets are all flexible and can change outcomes or planning significantly.

But like anything in life, you have to take the good with the bad. And with just a little due diligence, you can have all your information in one place and know exactly where you stand financially without spending scads of time. That makes all sorts of cents to us.