3 money rules you can break

Finance whiz Nicole Lapin gets real about standard-issue advice that might not be wise for *you*.

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Respect that rent check! It's a myth that buying a house is always the better call.

When I first started working at CNN, my then-boyfriend said I was stupid if I didn't invest in a 401(k). So I marched up to HR and they gave me a big fat packet of information. I didn't stop to research other retirement options and see what was best for my particular financial situation—I just signed up. Thankfully, the default 401(k) plan was fine for me at the time, but it easily might not have been. Finance is not a one-size-fits-all thing. So let's revisit a few big money "musts" that are worth a closer look.

"RULE" #1: Invest in a 401(k). Don't shake your head at me! It is *not* gospel that you invest in your company's 401(k). It might be a great idea, but it depends on your debt, your goals, and the plan being offered. So decide for yourself: Can your cash flow support a 401(k) right now? Saving for retirement is *so* important, but don't do it in lieu of creating an emergency fund or paying down debt. Otherwise, the interest you're paying can eat into any gains your investments make. Next, decide if the company 401(k) is a good fit. If your contributions won't be matched or there are high fees, you may want to open a traditional IRA instead; as with a company 401(k), you avoid taxes when you put money in, but it gives you more investment options, some with very low fees. Or you can choose a Roth IRA: You pay taxes on the money you put in now, but not when you take it out down the road—good news for Future You, because as you age, your income and tax bracket will likely rise. And you don't need to pick just one type of account—you can have all three! Any major brokerage, like Fidelity or Vanguard, can help you get started.

"RULE" #2: Buying is better than renting. Lots of financial experts love to say that renting is "throwing away money," but I disagree. There are plenty of costs associated with living. We don't think buying food is a waste, even though once we eat it it's gone, right? Renting allows you more flexibility than buying; plus, if the boiler breaks, it's someone else's problem! So before you buy, ask yourself, *Will I live here for a while?* Five years is typically how long it takes for your initial investment to pay off. If you might have a reason to move soon, you should not buy. Next, be honest: Can you really afford it? You'll likely need 20 percent of the total cost of the property in cash in order to get a mortgage, plus there are closing costs (like lawyer fees and title insurance) that can add up to another 3 percent of the purchase price. Those are big numbers you might not have now—and that's okay. You can keep saving to buy a house, and in the meantime, remember that rent money isn't a waste; it's paying for your *home*.

"RULE" #3: Pay off student loans ASAP. There's a reason you've heard this: Most people pay two to three times the original principal by the time their loans are paid off. Criminal, I know. But when you get a raise (woo-hoo!) or inherit money, you shouldn't use that windfall to write one beefy hit-and-run check—especially if you have credit card debt, which often has a higher interest rate and so should always be paid off first. Plus, if you increase your payment but then lower it again, you'll look unstable to credit agencies, lowering your score. Ramp up payments only if you can sustain them for six to 12 months. Otherwise, inch up over time. It won't feel as gratifying, but in this case, slow and steady wins the race.

FROM LEFT: RONDA GREGORIO; BRECHT VANTHOF.