Surfing the Web for Financial Advice: Comprehensive Resource or Just a Starting Point?

The numbers are staggering: Google reports that 57% of people talk more online than they do in real life. According to OnlineSchools.org, 48% of young Americans said they find out about news through Facebook. WordPress.com reports that users produce about 500,000 new posts on an average day. And Facebook reports that there are more than 901 million active users.

The Internet is where people go to share and get advice and information, and the topic of personal finance is no exception. And social media, with all its breadth and depth is merely a starting point, not an end point when it comes to searching for advice about finances. Here are some pointers to help guide your searches online:

Social Networks
On popular social networks like Facebook, Twitter and Google+ you may see your friends, family members or followers endorsing brands, making recommendations about products and even having conversations about financial topics. According to Spectrem, a financial research firm, 63 percent of Twitter users pay attention to tweets focused on investment advice, while 46 percent of YouTube users and 41 percent of Facebook users would seek investment information from these respective networks.

While it’s a sign of the times that more and more people are visiting social networks for information and advice, it’s important to treat information from these sites as word-of-mouth, much like getting a recommendation from someone at the gym, says Jeanne Salvatore a spokesperson for the Insurance Information Institute, a nonprofit supported by the insurance industry. There might be some helpful insight and even smart ideas about saving money, but don’t take everything to heart.

“Your financial decisions should not be solely based on a recommendation via Twitter,” Salvatore adds.

It’s critical to remember that social networks are public forums. A definite don’t, says Linda Sherry, director, national priorities for Consumer Action, is sharing specific details about your financial life. “You don’t want to give away anything about yourself such as where you live or bank.”

Financial Services Firms
Many large financial services firms have dedicated social media channels and content-rich websites that outline product offerings and provide access to needs calculators and other useful tools. “Surf around to several reputable firms’ channels and sites to compare information,” says Sherry. If you like what you see, you can follow up with a company representative or financial professional. Based on your search, you’ll have enough initial information for a well-informed conversation, points out Salvatore.

Educational Organizations
Industry organizations are another option to explore. Typically they share information about basic products, financial concepts, as well as useful tools and calculators. These resources can help provide a knowledge foundation. For example, the Life and Health Insurance Foundation for Education (LIFE) is a nonprofit organization dedicated to helping consumers make smart insurance decisions to safeguard their families’ financial futures.

Media Outlets and Blogs
News sites, like CNN, The Wall Street Journal and the New York Times, that have channels devoted to money matters can be a good resource for objective personal finance information. Visiting these sites is also a good way to keep up with issues related to personal finance, trends that may impact your wallet, and timely financial news.

Putting it All Together
The Internet has a lot to offer consumers in terms of information. But you shouldn’t make any decision about your money based solely on what you discover online. “You need a professional to help you navigate any pitfalls,” says Marvin Feldman, president and CEO of LIFE.

While the downside is minimal if you go to a much “liked” new restaurant in social media that fails to impress you, when it comes to your money, inaccurate or biased information can have huge consequences.

What do you think?

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Commentary

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I used to shake my head in amazement at what I saw online. Now it’s the just the norm. Social media is exploding with new options. News sites are competing aggressively to break news first and differently to attract more visitors more frequently. And so many people are jumping in to explore, research and share — sometimes a bit too much or more than they might think.

The online world is an occupational hazard and a personal passion of mine. As someone who lives it day in and day out in a highly-regulated industry, I’d like to offer a few important tips:

1. **Be in control.** Check — and re-check — your privacy settings on all of your social media accounts. According to a recent Consumer Reports study, 13 million Facebook users either haven’t set or don’t know about the site’s privacy settings. That statistic is even more staggering when you consider the amount of private and potentially compromising information that is posted to social media sites each day. Become acquainted with the privacy options for each social site (they are all different) and ensure that you are in control of your online information.

2. **Be careful.** Your online information never entirely goes away (even when you think it does). When is the last time you posted a comment and then decided to delete or remove it? Did you realize that the recipient may be able to see what you posted and that you removed it? Everything that you post — today or years ago — never really goes away. Think carefully about what you say online.

3. **Be informed.** Do your research. Long gone is the encyclopedia with access to today’s information being available on any topic with a few keys strokes and a good online search. But here’s the scary part: not all information on the web has been verified (even when you think it was) and a tremendous amount may be opinion-based. Know your trusted resources and know when to ask an expert.

4. **Be engaged.** Most businesses and organizations have realized that online and social worlds are a perfect place to reach current and potential customers. Look for your favorites online, connect with them and reap the benefits: access to products, services, promotions and communities.

5. **Be connected.** Many people look and ask for opinions to find the best deals on electronics, home furnishings, shoes and even finances. While this helps to inform decisions, it is just one component of any wise purchase. When making decisions that have long-term and considerable impact on your life and future, it’s always best to do your research and also to seek the advice of a qualified expert.

And lastly, be self-aware. Don’t let the online world take you out of the offline world for too long. In many years from now when I look back, I cannot imagine that I’ll say that I wish I had spent more time online versus with family, friends and colleagues… well, most of them, anyways.

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