9 mistakes to avoid making with your money in 2016

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There's no better time to plan a financial tune up than the start of a new year.

While it's important to kick off 2016 with smart money habits, it's equally important to recognize — and steer clear of — some of the worst.

Here, we've rounded up nine costly mistakes you'll want to avoid as you head into 2016:

Not following a clear financial plan.

"Without a written financial plan, there's no destination in mind, and there's no tangible concept of how much is needed to be saved," says Mark Avallone, a certified financial planner and president at Potomac Wealth Advisors. "But if you have structure in your monthly budget, you know what you can and cannot afford."

A clear financial plan includes savings goals. Start by establishing what is important to you, and get an idea how much and for how long you would have to save in order to reach your goals. Next, start putting away money.

You'll also want to create budget, and more importantly, stick to it. Need ideas? Take a look at the insight offered by 14 regular people who keep diligent budgets.

Buying things you can't afford.

Trying to outshine your neighbors or coworkers can be tempting, but it can also be detrimental to your finances. If you can't afford it, you shouldn't buy it.

"You have to monitor your spending and limit aspirational purchases," says Avallone. "Just because you see other people enjoying a certain level of a lifestyle doesn't mean you can, or should, be doing the same."

Keep your spending in check by understanding the difference between needs and wants and the importance of spending less than you earn. Be fully aware of how much money you have coming in and how much is going out, particularly when you get a raise or end-of-year bonus.

Just because you earn more doesn't mean you have to spend more.

Ignoring work benefits.

If you're not taking full advantage of your employee benefits, you're leaving money on the table. You should already be contributing to your employer's 401(k) retirement account if it's available and taking full advantage of any company match program, and there are some other overlooked — yet incredibly advantageous — benefits:

Healthcare flexible-spending account: This type of account is a pretax benefit account you can use to cover a variety of healthcare products and services, from acupuncture and physical therapy to vaccines and over-the-counter medicine (note that OTC medicines are only eligible when prescribed by a physician). You can put up to $2,550 of tax-free money into this account in 2015, and save about 30% on healthcare expenses with the tax break, WageWorks reports.

Dependent-care flexible-spending account: If you have young children, dependent-care FSAs are worth considering. This account works similarly to the healthcare FSA, in that you can contribute pretax money, but is specific for dependent-care services, such as preschool, summer camp, daycare, or before- and after-school programs.

Commuter benefits: These are often overlooked, but they can save you over $600 each year, WageWorks tells The Wall Street Journal. The concept is simple: Employees can use pretax money from their paychecks to cover mass-transit passes — including the train, subway, bus, ferry, and parking.

Talk to your human-resources department to understand the scope of what's available to you. These benefits could save you thousands of dollars each year.

Wasting cash on fees.

Whether it be out of laziness or ignorance, many of us continue to pay fees — for overdrafts, for using out-of-network ATMs, or for missed payments. These seemingly insignificant charges can add up over time.

Protect your wealth by eliminating these unnecessary expenses once and for all. Start by automating your finances, which will eliminate the risk of forgetting about or missing payments, and read up on how to never pay an ATM fee again.

Figuring you can never build wealth on your income.

At the end of the day, your wealth is not defined by how much money you make — it's defined by how much you keep.

Just as a salary with a bunch of zeros tacked on the end doesn't necessarily make you rich, a small salary can lay the basis for wealth. You don't need to be rich to invest and take advantage of the power of compound interest — you just have to be smart about it and start as early as possible, because when you start to save outweighs how much you save.

Rather than blaming your income for money problems, figure out how you can spend less and devote more of your money to building wealth.

Not saving for a rainy day.

Unexpected expenses — the wedding gift you forgot to buy, the unlucky parking ticket, or the emergency flight home you had to book — have a way of surfacing when you least expect them. No matter how hard you try to avoid them, they'll continue sneaking up at the most inopportune times.

Stop brushing these expenses off as too infrequent to account for, and start preparing for them by working them into your savings plan.

These savings are separate from your emergency fund. It's easy to ignore the possibility of your car breaking down, a medical emergency, or losing your job, but these are all scenarios that could quickly become expensive realities. Not setting aside money in an emergency fund could ultimately land you in debt if an emergency does arise.

A general rule is that it's smart to have six months' worth of savings tucked away, but you may need more or less depending on your situation.

Avoiding the subject of money with your significant other.

They're not fun or easy conversations to have, but discussing your personal finances, spending patterns, and financial plan with your partner is crucial — and the earlier the conversations happen, the better.

If you live together, "Spell out who's responsible for paying which bills," writes David Bach in his book "Smart Couples Finish Rich." "You shouldn't assume that both you and your partner are somehow automatically on the same page when it comes to the question of how you are going to organize your finances and who is going to be responsible for what. If you haven't already done so, the two of you need to sit down together and specifically work all this out. The alternative is chaos and potentially major strife."

While you're at it, make sure you aren't telling any of money lies that could damage your relationship.

Refusing to pay a little more for quality.

We've all fallen into the trap of "saving money" by buying inexpensive, low-quality things. Oftentimes, these frugal intentions end up hurting us, since cheap products tend to cost more in the long run.

While it's good to be aware of pricing, sales, and discounts, it's also important to recognize when you're being cheap, rather than frugal. Being cheap means using price as a bottom line, while frugality means using value as a bottom line.

Dedicate 2016 to making smart, quality purchases you can afford — even if the sticker price makes you cringe at first glance — and investing in things that have value. They don't have to be big purchases, either. There are several costly everyday items that eventually pay for themselves.

Assuming you'll have more money in the future.

While optimism is a good quality to have, too much optimism can be dangerous, especially when it comes to money. People tend to assume they'll be making significantly more money later on, which they use to justify overspending in the present moment.

The rule of thumb should be to always live below your means. As Michael Egan, a certified financial planner and partner at Egan, Berger, and Weiner, tells Business Insider: "Savings first should be your mentality: Save for retirement first, and spend with whatever is left over. What people typically do is the opposite of that, thinking, 'I've got to buy this, this, and this, and whatever's left, I'll save.' Pay your future first, and make sure your present is secure.

Contributor's Bio

Mark Avallone is the author of Countdown To Financial Freedom, and founder and President of Potomac Wealth Advisors, LLC a financial advisory firm serving clients through holistic financial planning and wealth management. Avallone writes on a variety of financial topics, and his contributions have appeared in the Wall Street Journal as well as in Forbes where he is a regular contributor. He has appeared on CNBC and has been a repeat guest on the Fox Business Network. His insights have also appeared in USA Today, U.S. News & World Report, The Washington Post, and other leading publications.