DEBT MAN walking

A 10-Step Investment and Gearing Guide for **Generation X**

BRUCE BRAMMALL

Contents

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Dedication

It is possibly the same for other Generation Xers, but every time I hear or read the word ‘dedication’ I can’t stop myself singing Dire Straits’ ‘Walk of Life’.

As the rest of this book is about reliving memories, I might as well open the book by pinching a couple of lines. Next, from the mouth of Renee Zellweger in *Jerry Maguire...*

To my family — Genevieve, Edward and Amelia — ‘You complete me’.

Acknowledgements

Unlike children, books can’t happen by mere accident. With two of the former and three of the latter (as of 2008), I can speak with some experience there. With a book, you don’t get to wake up one morning, wonder a little, pee on a stick and get confirmation that an end product is coming. The kind of book that goes to the printer is not a random one-in-a-billion event.

Books are not the result of the collaboration of a union with just one other person. I’m pretty sure ‘80s political crusader and morals campaigner Reverend Fred Nile would have had a coronary if the number of people who helped create this book were actually in the same room helping to create a baby. There’s a cast as big as Band Aid singing ‘Do They Know It’s Christmas?’

My darling wife, Genevieve, I’ve been spelling ‘team’ with a ‘u’ in it. This book wouldn’t exist right now were it not for your support. That said ...your lack of ‘80s music knowledge is both funny and incomprehensible. Did you *never* listen to songs being back-announced on the radio? How does someone get to know everything about the singers, but nothing about the songs they sang?

To my children. To Edward, who was just 16 months old when the manuscript was finished, ‘The Wiggles’ isn’t the answer to every music question Daddy asks (but more useful than most of your Mum’s answers). A helpful answer *might* have been: ‘Hey, Dad, the blue and purple Wiggles were part of The Cockroaches and they sang ...’. That your fourth ever word was ‘book’ is very encouraging for an author dad. And Amelia, this entire manuscript was written after we knew someone was coming but before we got to meet you, you gorgeous little girl. Thank you *so much* for not arriving too early.

Years in the thinking, this book probably would have stayed years off being written had it not been for Kristen Hammond, acquisitions editor at Wiley. Kristen chased me with another concept that didn't grab me at all. But her enthusiasm about my Generation X concept was very encouraging. Kristen, thanks for gritting your teeth, not giving me both barrels and getting through the contract negotiations without your head exploding. Your guidance, encouragement and early editing role were important to the book's evolution. That we have such similar memories of the '80s is freaky.

Thanks to everyone else at Wiley and Wrightbooks, but particularly editor Catherine Spedding, Georgie Way, Katherine Drew and Brooke Lyons.

When it comes to unearthing the memories of my youth, I can't decide what is more disturbing: what I had personally forgotten about the '70s and the '80s, or what Gen's friends and my friends could remember. I'm still searching for laws that would allow me to have my parents retrospectively charged with culinary crimes for apricot chicken casseroles. The memories that weren't my own came from a treasured list of people — my Gen X brains trust — who contributed with their own memories of growing up.

Naturally, as back then, there is a boys' team and girls' team. And judging by their responses, they grew up in parallel universes. My boys' team was, largely but not solely, connected to the Tossers Indoor Cricket Club. Thanks to Simon Smith, Andrew Probyn, Steff Pettit, Tony Spark, David Pringle, Rob Clancy, Brent McMillan, Brendan Cahill, Jonathon Evans, Rohan Christie and Steve Kerr. The team led by Gen was made up of Felicity Hamilton (I was searching for an idiot and you provided the father of them all — Frank Spencer), Michelle Coffey, Zoe Kanat, Kimberley Clemens, Sophie Paterson, Liz Wilson, Madeleine Seletto, Edwina Webb, Katie Flockart, Celia Purdey and Odette Kerr.

To the technical readers: my cousin, Danny Brammall, for reading the whole thing and only occasionally reminding me that he knows a better way; Mark Longworth for lending his insurance expertise; and superannuation guru and *Eureka Report* colleague Trish Power for advice with step 10.

Thanks to Max Prisk for his kick-ass contribution to the back cover, Popomo for the cover, Tess McCabe for Debt Man corporate designs, *Herald Sun* photographer Jay Town for the back cover shot, and Kate Jungwirth and David King from EKM Legal for work on my contract.

Thanks also to my brother-in-law Nick Lally for his Yoda-like timely and sage advice (The answers you seek lie offshore, Debt Man') that led me to find my 'Man in Montevideo', Marcos 'Mark Skayff' Scaianschi, who perfected the calculators for the website <www.debtman.com.au> and, as it turns out, ironed out a crease or two in the book.

To the partners — Spiros Livadaras, Peter Mattmann, Leonie Ladgrove and Kostas Livadaras — and the rest of the crew at Stantins, thanks for your ongoing support.

To the celebrities, songwriters, musicians, actors, directors, designers, fashionistas, cartoonists, casting agents, writers, journalists, sportspeople, politicians, toymakers and chefs of the '70s, '80s and '90s, I thank you on behalf of Generation X for our childhood memories. It was a rockin' time to grow up. First among equals, as far as I'm concerned, is Brian Mannix and The Uncanny X-Men — you typify Generation X in Australia. The songs ... the attitude ... the 'Party'... the mullets. I'm ashamed to confess, I never bought one of your albums. It still haunts me.

It wouldn't be right to conclude without mentioning two writers out there in the world of Australian personal finance journalism (who must stay anonymous). The first I want to thank for writing a feature that so abundantly offended my innate beliefs that it required a response. The second's writing style I have found objectionable on an almost weekly

basis for years (and still do). Needless to say, I read you both regularly and that’s what journalism is about. You too may find some of my stuff disagreeable. This book wouldn’t have existed at all (arguably) and certainly not in this form (definitely) if you hadn’t, unknowingly, annoyed me so much. And so damn often. Thank you both.

About the author

The towering figure of Paul Keating casts a long shadow over my life. The Lizard of Oz wasn't just the Prime Minister of my country, the engineer of my first real economic downturn and the man who took some of the fun out of getting rich by introducing the capital gains tax in 1985. My relationship with PK was far more personal than that. He was my first local MP.

I was born in Bankstown, Sydney, in 1970, the year after Keating was elected to represent Blaxland. Keating didn't use me to practise his baby kissing. Mum assures me I wasn't too ugly (my dad vocally disagrees). Perhaps I just didn't hang around long enough; my parents uprooted me for Canberra when I was six weeks old.

There is, however, video evidence of my time in Bankstown. Grainy footage taken from a shiny new Super 8 camera shows me being carried into the rented family home from hospital, carried by my 22-year-old first-time mum who was wearing a mini-skirt so skimpy it would have made Jean Shrimpton blush ('Mu-u-um, put some clothes on!').

I played every type of organised sport I could — cricket, basketball, hockey, tennis, golf and both of the rugby codes. But that was dwarfed by the amount of time I spent playing disorganised sport — street cricket, kick-to-kick, Frisbee golf, marbles, handball, swimming (including Marco Polo), ice-skating, roller-skating, skateboarding, kite-flying, British bulldog, brandings, bike riding ...

This might have been because the Atari 2600 had only just been invented in the US in 1975 and none of my mates had one yet. The Commodore VIC20 was still years away (1980).

I remember furniture that might have been made out of brown velour, the older generation wearing flared pants and winged collars and watching colour television for the first time. I was too young to remember Gough Whitlam getting sacked. But I remember vividly the end of Malcolm Fraser and the start of Bob Hawke, because my dad was the chief political reporter for *The Canberra Times*. As Hawke’s Treasurer, Keating would occasionally call my dad and give him a roasting, complete with colourful language, over articles he’d written.

It was in about year 10 that I got my first crack at economics and political thinking. Marist College (Pearce) made George Orwell’s *Animal Farm* compulsory reading. Napoleon and Squealer made me aware that the root of all evil is, actually, the removal of personal incentive. Socialism and I never made friends after that.

My parents’ rule was that in order to drive the family car (a Mitsubishi Magna) I had to have the insurance excess saved in the event that I had a stack. So while everyone else was whining about 20 per cent mortgage rates, I was getting 17 per cent on my savings.

Watching my dad led me into journalism. I think. I might have been enticed by a career that promised lots of free beer. I started at the University of Canberra in 1989 (the year Keating reintroduced university tuition fees in the form of HECS) and earned a BA (Communications), majoring in journalism.

In the middle of Keating’s ‘recession we had to have’, with double-digit unemployment rates, I entered the job market. News organisations, like most industries in 1991–92, were sacking rather than hiring. The newly merged *Herald Sun* in Melbourne (the butt of Keating’s ‘arse end of the world’) was bucking the trend and I got a cadetship. That year, 1992, was also the year one of Keating’s political babies, compulsory superannuation (designed to make sure Gen X and future generations look after themselves in retirement), started.

Journalism was a perfect industry for someone who wasn't keen on growing up. And the *Herald Sun* was certainly a place where I was surrounded by like-minded individuals. There was always a drink to be had and someone was always going to the pub or a club. Reporting eventually led me to business journalism, where I became the deputy editor of the *Business* section. I also wrote about banks, superannuation, insurance, wealth management and tax. At the same time, I got hooked on property (immediately becoming an investor) and the wider potential for debt-funded investment strategies. I have written two property investment books *(The Power of Property* in 2006 and *Investing in Real Estate For Dummies* in 2008).

In 2005 and 2006, I studied for the Advanced Diploma in Financial Services (Financial Planning). I am now an adviser with Stantins Financial Services (licensed with Australian Financial Services) in Hawthorn, Victoria. I still write regularly, as a superannuation and investment columnist for *Eureka Report* and on property topics for News Limited publications. Oops, there he is again — Keating has just bobbed his head up to criticise Kevin Rudd's Government for failing on superannuation. I also appear on radio and television programs as an adviser, and media and financial news commentator.

And I've left my absolute favourite parts of me, the 'grousest' bits, till last. Nothing beats 'em. I am proudly husband to Genevieve and father to Edward and Amelia.

Prologue

Setting the scene ...

The film clip for The Uncanny X-Men's 'Everybody Wants to Work' starts out with employee Brian Mannix (The X-Men's lead singer, playing himself) in his office, on the phone. His boss, Mr Thompson (played by the late, great Australian actor and gagster, Maurie Fields), walks into the room. Mannix is on the phone to his lotto agency after he's had some sort of a win.

Mr Thompson: 'Mannix, you mongrel! Get back to work!'

Mannix: 'Yes, Mr Thompson.'

Mannix (on phone): 'Look, sir, how much have I won?'

Mannix grins from ear to ear.

Mannix: 'Mr Thompson ... gu-e-e-e-ess what!'

Introduction

Debt is not a financial death sentence.

Not all debt is evil. Debt does not involve selling your soul to the devil. Debt isn't the custom-made pair of concrete boots fitted as you're thrown into the Hudson River. There's no proven link between debt and cancer. Debt played no part in Princess Diana's death. Debt doesn't kill people.

Nor is this book a cheerleader's chant for debt.

Debt Man Walking (despite what some will inevitably read into the title) does not urge readers to collect loans like Barbie dolls or football cards. It does not blindly promote debt. It does not implore readers to covet credit. It does not decree, Gordon Gekko–like, that all 'debt is good' (although some of it is okay).

Don't believe for a second that this book is going to tell you that you'll get rich just by backing up your Holden ute to a bank and borrowing until your nose bleeds. If you believe that, you misunderstand how dangerous debt can be. Too much debt, debt used badly, or debt in the hands of the unsophisticated or untrained investor can be devastating. 'Debt is not the messiah! He can be a very naughty boy!'

Understand this: debt can send you broke. What's the definition of a bankrupt? According to the Oxford, it's 'an insolvent debtor'; that is, someone who can't repay money they owe others. If you don't owe others money, you can't become bankrupt.

So ... what is this book about then?

Okay. It's about debt.

But, debt used properly. Debt used strategically. Debt used to buy the right assets. Debt used, dare I say it, by the *right people*. (That's not racist or sexist. It's unapologetically ageist.)

Debt Man Walking is about a holistic attitude to investment *and* getting a particular generation to understand the enormous financial opportunity now before them *and* how that generation, if any, is the best-placed generation to combine their age, appetite for risk and investment debt to achieve their financial goals.

As a result, the debt part of *Debt Man Walking* is not a message aimed at everyone.

It is not aimed at 22-year-olds who've just landed their first job out of university, who are looking to move out of home, to buy their first car, or are considering donning a backpack for the first time. If that's you, put this book down and go out and party! Save some dough, then blow the lot around Europe, or (my favourite) South America. In fact, buy yourself a one-way ticket, land yourself a dead-end job and what doesn't get drunk in an Earl's Court pub should be splurged doing silly things in stupid places. Bum around a little. Bum around *a lot*. That's what your 20s are for. (Plus, the humour in this book probably won't make much sense to you.)

Neither is the central message of *Debt Man Walking* aimed at 60-year-olds. If you are looking to retire, have never used investment gearing before, or have worked your whole life in the hope that you'll finally pay off your home loan with your last pay cheque, then hand this book to the kids and go enjoy your retirement. This book is *too late* for you. You might have already understood investment debt and used it to create your wealth during your working life. Or you didn't. Either way, you're probably beyond gearing up for the first time now. You might end up losing everything you've ever worked for with one major property or sharemarket downturn. (Plus, the humour in this book probably won't make much sense to you, either.)

Debt Man Walking is for Generation X.

'Who?'

Generation X, if you take a fairly wide definition, is those people born in the '60s and '70s. Some will argue that's too broad. It doesn't really matter. This book will be relevant to younger Baby-Boomer 'oldies' and some older Generation Y 'kids'.

Here's a better test.

If you remember The Uncanny X-Men and Molly's Melodramas ... If you still had 'youth' when the Berlin Wall fell, *Challenger* exploded and Halley's Comet passed by ... If you can remember when Madonna was married to Sean Penn and pretended to be virginal (*long* before the pointy boobs) ... If the only Russian words you know are 'perestroika' and 'glasnost', but you can't remember what they mean ... If you can remember when *Neighbours* was on Seven and Kylie was singing about train travel ... If the words 'Dallas' and 'shot' remind you of JR Ewing (rather than JFK) and a real romantic tragedy was Mulder and Scully never jumping in the sack ...

...then you're probably, roughly, roundabout, a Gen Xer.

This book is for you.

Its primary purpose is financial — to get you to think outside the Rubik's Cube. To get you to understand that where you are now is the perfect position to plan to combine your income, your (relative) youth and your ability to take a risk with a dash of 'great' debt to achieve financial dreams. It might bring back some pleasant and/or nasty flashbacks from the '70s, '80s and '90s. But at least the humour is likely to make some sense.

In the never-ending financial battle of good versus evil, *Debt Man Walking* hopes to swing a little lightsabre down on some debt and investment myths. *Debt Man* will show why there's actually three types of debt (the DOG of Debt — we'll explain this DOG in step 6), why there are five universal financial rules (they'll work the same in Rio de Janeiro as they will in Rockhampton) and five peculiarly Australian rules (they probably don't even work in Rotorua, much less Rome). These are the basic rules understood implicitly by people who have already made money.

What's risk? Sure, it's a solo cava-drinking session with the natives in Vanuatu, getting tear gassed in La Paz or turning your back on your bags at Roma Termini. It can also be buying investments that affect your health. It's great being rich, but pointless if it caused you to die (or lose your hair) before you're 50.

And lastly, what this book is not. This is not a book about the basics of saving.

Debt Man Walking does not focus on telling you how to save $10 to $15 a week by cutting out a morning coffee, $20 a month with an offset account on your mortgage, or how to save money by switching insurance companies. These are great habits to learn, but there are dozens of good (and bad) books out there that cover those topics in great detail (they're as common as a mullet at a Blue Light disco). If this book makes any assumptions about its readers, it's that you understand these basics and you're wondering what the next step is.

In fact, *Debt Man Walking* challenges the assumptions of some of those common money 'rules'. Should Gen Xers really 'save to invest', or should they 'invest to save'?

Should you really pay off the mortgage before beginning an investment strategy? In this age of heightened environmental awareness, what is debt recycling and why might you get down and dirty with it? How could 15 minutes of care now, rather than when you turn 55, potentially double your super?

Did Monopoly teach you enough about property to make you a mogul? If you make a lifestyle choice not to buy a home, how do you make that decision work financially? Think you're pretty savvy? Well, do you spend 10 hours doing something badly that you could pay a professional to do properly in an hour?

Sooooo ... this is the premise from which *Debt Man Walking* starts. I hope it's different from any other personal finance books you may have read. We certainly grew up in a different era. It was an era when the decades-long Cold War suddenly ended, when Australia was still producing Nissans, when Bon Scott was still the lead singer of AC/DC, when fluorescent clothes were still considered fashionable (seriously, were they really?) and when smoking in cinemas was still legal (as was, unbelievably, cigarette advertising).

Debt Man Walking walks to a different beat. And if the concept grabs you, there are details at the end of the book on how you can take these principles one step further.

Generation X

'Hi, I'm Bruce and I'll be your author and guide for today.

I'd like to welcome you to the *Debt Man Walking* book tour. We've got what I hope you'll find is an interesting book ahead of us. I hope you brought your tax file numbers — the ones they started handing out in the bicentenary year, 1988 — you'll certainly need those. And for those of you who *did* bring your Sony Walkmans, thank you, I'll show you where you can drop them off for recycling a little later. For legal reasons, I'll assume that you've all read the introduction and understand that this is not a book tour for everyone.

'Hey, you sir! You with the cardigan and the bi-focals, I think you've joined the wrong tour. I think you're after the *How to Survive in Retirement on $14 a Week* tour. You'll need to head back to the bookshop, old man. They'll be handing out government-funded Zimmer frames to those who need them on that one, and you might be able to get access to your superannuation while you're there, sir!

'And you, the impatient young woman sending an SMS! Would I be right in assuming that you're after the *Time to Leave Home and Get a Job* tour? Yes? Well, that bus left a few minutes ago. You'll have to wait for the next one. Missy, don't have a hissy fit! It's okay. We know your type. There's another one leaving in about 27 seconds, if you can wait that long.

'Sheesh, some people. Generation X! Is it that hard to understand? The rest of you look about right. Were you all born in the '60s and 70s? If you think you're actually probably the MTV Generation, that's okay, you're in the right place. Hands up all those who remember *Miami Vice*. Goooood. *The Love Boat*? Fantastic. Did all you girls wear legwarmers, à la *Flashdance*? And did you boys own a pair of Dunlop Volleys, adidas Romes or Converse shoes? Hum a few bars to 'The Reflex' by Duran Duran? Brilliant! Remember *Mad Max*? Yep? That's *Absolutely Fabulous!* Looks like the rest of us are right to start.'

Weekends spent writing books are weekends not spent with your wife at the wineries in a bed and breakfast, with your kids at the beach, with your mates playing golf (except that Smithy would never join us anyway, of course) or having a beer at the footy. Not that I'm looking for sympathy.

So, when those friends who I don't catch up with often enough asked what this book was about, my answer was that it was a finance book specifically for Generation X.

The next thing they'd ask is 'Am I Generation X?'

I found this a little unsettling. I was born in December 1970, which makes me smack bang in the middle of what has come to be known as Generation X. Like most people, most of my friends are within a few years of my age, so they are not just part of Gen X, they are its heart and soul.

That they didn't know that they are Gen Xers was a concern. If this book was designed to appeal to Generation X, but Generation X didn't know who it was, then perhaps the whole strategy/idea needed a rethink. After much discussion with a few other book insiders for this project (wife Genevieve and commissioning editor Kristen Hammond), it was decided that no, it didn't. You'll just need to take their minds for a little walk down memory lane. It'll come back to them.

Who is Generation X?

It could be that we don't care to remember that we're Generation X because *they* were right. *They* being the people who popularised the term — an older generation that was writing about a younger generation.

'Generation X' caught on when Canadian fiction writer Douglas Coupland used it to describe disaffected youth in his 1991 book *Generation X: Tales for an Accelerated Culture*. The term Generation X became popular when used in the media as a derogatory phrase to describe a generation of slackers (hence the 1991 movie *Slacker)* who didn't care and who had no commitment to anything in particular. *They* said we lacked optimism, we distrusted institutions and 'traditional' values. *They* thought that we were 'overeducated underachievers'. (Which, of course, makes us vastly superior to Bart Simpson, who is an undereducated underachieves And proud of it.)

Hmmm. Sounds to me like they were just talking about teenagers and 20-somethings being teenagers and 20-somethings. They insinuated that *they* weren’t like that when they were that age (yeah, right!). It’s just that they got a very catchy term to describe it. An easy label. They were so impressed with how good and original the term Generation X was that they haven’t been able to think of anything else since. If *we* lacked optimism, *they* lacked originality. Generation X is followed by ... Generation Y and Generation Z.

Whatever. (Interesting in itself: in France, Generation X is apparently sometimes referred to as ‘Generation Bof’, with ‘bof' being a French expression for indifference, something like the English use of ‘whatever’.)

What we are not is Baby Boomers. ‘Baby Boomers’ is the term used to describe the population explosion that followed the end of World War II. That boom started in 1946. That’s my Dad (the Old Fart) and my Mum (the Old Bag). Did someone say we lacked respect for our parents?

Dad was born in October 1946, making him one of the very first Baby Boomers. Mum was born ... some time later. (Ha! Scared you, hey Mum!) But she’s definitely a Boomer. Under the vast majority of definitions, the Boomer generation went through until at least 1959 or 1960. Then it becomes a little fuzzy. Some claim it didn’t finish until 1964. Others say 1967.

And we’re definitely not Generation Y. Where Generation Y starts, obviously, is dependent on where you think Generation X finishes. Depending on whose definition you use, Gen Y could start as late as 1983, or as early as about 1977.

The most common descriptors of Gen Y are that they are impatient and demanding. Some demographers say that they are the first generation in which it was standard for both parents to work and, as a result, they were spoilt rotten by guilt-ridden, career-driven parents. They haven't experienced anything but good times (particularly in Australia). It's been one long economic boom since any of them were old enough to remember. Xers, however, lived through the 'recession we had to have'.

If we didn't find it difficult to get our own first job, there's a good chance that a parent lost a job (hand up here) or we definitely knew someone who did.

If demographers can't decide on hard and fast rules, then you're not going to get me to try to set them down.

I'm not going to pigeon-hole like that for the purposes of *Debt Man Walking*. That would be daft and limiting. There will be readers born in the late '50s and early '80s who will identify with Generation Xers and/or who will be able to benefit/profit from the advice in this book that is appropriate to them. Therefore, roughly, if you were born in the '60s or '70s, or just on either side, consider yourself on board Gen X for the purpose of this book.

What makes *Debt Man Walking* specifically for Generation X?

If we accept those rough dates, Generation Xers will be 28 to 48 years of age as at Christmas 2008, soon after this book was first published. You can make at least two broad assumptions about people in that age bracket. First, they've finished school/university and been out in the 'real world' for a while, with careers to consider and bills to pay. Second, very few of them are actively considering retirement.

As a result, *Debt Man Walking* doesn't cover the basics of how to start a savings program. It doesn't tell you how to reduce your mobile phone bill or buy the cheapest health insurance. And it doesn’t ease your concerns about that nervous shift into retirement. I’m not going to tell you that you’re crazy unless you’re salary sacrificing the maximum into super or know that they serve great mutton chops on bingo night at the RSL. I’m not going to tell you that, because you already know the former (financial basics) and it’s too early for you to care about the latter (retirement).

Debt Man Walking covers financial strategies that are neither for those taxiing to the runway to start their careers, nor for those who have contacted air traffic control and are awaiting clearance for landing (or have started their descent).

It’s for those who are taking off, are approaching, or have reached cruising altitude. It’s for those people who have learnt the basics and want to know what’s next.

> *Dept Man Walking is talking about learning what the next challenge is and deciding whether or not you want to take that risk.*

Debt Man Walking is talking about learning what the next challenge is and deciding whether or not you want to take that risk. It’s talking about shares and property. It’s talking about potentially taking on investment debt, leveraging and margin loans. It’s talking about taking out a million dollars or more of cover to protect yourself and your family and investment portfolios worth hundreds of thousands and, potentially, millions of dollars. And it’s talking about those years when you’ve got the money to achieve long-term goals and enough of a working life left to see those plans through.

It doesn’t matter if you’re single, married, divorced, have one tin lid or a tribe, or have a *Brady Bunch–style* blended family. *Debt Man Walking* takes the *Seinfeld* oath — ‘Not that there’s anything wrong with that!’ — if you’re gay. It doesn’t matter if you’re a committed lifelong renter or have a mortgage you’re dying to get rid of. This book is aimed at getting a generation to understand that they can achieve anything they want — because they have the time — so long as they understand the basic rules of finance.

Speaking of which ... yes, sadly, there are rules. But don’t despair. They’re not complex; I’ve *Dumb and Dumber-ed* them down. And understanding them is absolutely critical, so they’re near the start.

‘Everybody Wants to Rule the World’

(Pub trivia ... Q: Which band sang that ‘80s anthem? A: Tears for Fears. If you didn’t get that, were you off at the toilet when we had the earlier roll call for this chapter? It’s not too late to go back and join a more appropriate tour.)

Generation X, we’re next.

The Boomers are coming to the end of their working life, their reign. And, despite them believing that we were never going to be trustworthy enough to leave in charge, it will be up to us to run the planet. Boomers will have to shuffle off into retirement.

What does ruling the world mean?

It means we’ll have to make the laws as the next generation of politicians. We’ll actually have to start voting for some of our own. Or we could just install Natasha Stott Despoja as Australia’s first democratically elected president and be done with it. If she could just lean a little further right ... into the middle ... yep, thanks Natasha, that’s it! Keep that up and we’ll leave you there for the next decade.

We’ll be running business. The big decisions will be made by us. Gen Y will have to learn some patience. And the Boomers will have to stay in the workforce to carry out *our* orders a little longer.

We'll have the biggest salaries. The highest average salaries currently are for those who are aged 45 to 50 (although it is believed this may shift higher, to 50 to 55, as we age). After that, the statistics say, workers start getting thrown on the employment junk heap. Of course, there are those who go on to become very senior executives, being paid squillions, but that's a minority and the maths says the highest average wages are earned in your late 40s.

That means Generation X has largely got that ahead of them. Our *peak earning ability* is still to come. That's a key point to this book — you need to understand that most of us are still to reach the peak of our career and therefore highest incomes. Even if you've done very little in the way of constructing a financial fortress for yourself up until this point in your life, you've still got plenty of time on your side. You can take what's in this book and make your fortune.

If we aren't making the most of it by the time we get there, what hope do we have? Hitting your mid-50s and being 'downsized' to make way for younger, cheaper up-and-comers is not the time to be starting a wealth-creation program.

Gen X's balls and chains

We face an uphill battle in many ways. For a start, we're not a big generation. The United States originally called us the Baby Busters. After the baby boom, naturally, came the baby bust.

But if those damned Boomers haven't saved enough money (including government coffers) for themselves, then we're going to have to foot the bill. The older Boomers have already started retiring early. They'll be retiring en masse from 2011, when the first of them hit age 65. That's going to create a constant employment vacuum until as late as 2030. That means fewer workers trying to support more on