SARAH RIEGELHUTH

GET RICH SLOW

Start **NOW.**

Start **SMALL.**

Achieve **REAL WEALTH.**

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Achieve REAL WEALTH.

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For Finn (my love) and Mark
(my best mate) for both always,
always believing in me.

Contents

About the author

Sarah Riegelhuth is the co-founder of award-winning financial advisory firm Wealth Enhancers and the highly successful League of Extraordinary Women, an organisation supporting the development of young female entrepreneurs nationally. She is passionately committed to helping women realise their potential, both financially and in all aspects of their lives.

Named as one of Melbourne's Top 100 most influential, inspiring and creative citizens by *The Age* in 2011, Sarah is recognised as one of Australia's leading female entrepreneurs. An accomplished keynote speaker, Sarah is also a popular blogger, writer and columnist for several online and print publications including *Women's Agenda* and *Money Management*.

In 2010, Sarah became the youngest board member in the history of the Association of Financial Advisers (AFA) and helped the association launch the inaugural Female Excellence in Advice Award. The award has been more successful than any other award established by the AFA.

Outside of business and finance, Sarah can be found running along the beach in Melbourne, enjoying snow sports or travelling the world.

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Preface

For years the idea of writing a book that could inspire others to take control of their finances had played on my mind. I just wasn't sure how to go about it. The way any good idea does, it ticked away in the back of my mind, surfacing from time to time when a new approach or a different angle occurred to me. It still didn't feel right, though, until an inspiring conversation with my best friend, Mark.

We were strolling along Swanston Street in Melbourne, both about to rush off to other engagements—Mark to the football and me to an Unconvention to launch the League of Extraordinary Women. We had been discussing what was, in our opinion, the secret to success, and had decided that it all came down to executing and following through with an idea, rather than the idea itself. Ideas are a dime a dozen. The difference between those who make it and those who just have the good idea is getting out there and *getting it done* ... and not giving up when the going gets tough, which it almost always does at some point or another.

My subconscious must have continued to turn over this conversation because the next afternoon, as I was dozing on the couch, it all came to me in a rush, the way thoughts tumble through your mind suddenly when you're in that half-awake, half-dreaming state. My eyes shot open, I grabbed my iPad and immediately keyed in the book's title and roughly mapped out the chapter titles. 'I've got it!' I announced to my partner, Finn. I was going to write this book, and now I knew how to do it.

And here it is! By sharing what I had learned in 10 years as a financial adviser, along with some of my own personal experiences and those of my clients, I hope to inspire and empower you by equipping you with the tools you need to make positive life changes and take control of your finances. When we take control we let go of excuses, stop waiting for simple solutions or engaging in 'magical thinking', develop an understanding of the psychology of money, and arm ourselves with the information we need to set goals, develop an action plan and follow through.

The approach I have taken in this book is relatively straightforward, I'll admit, yet it goes against the grain of most books about wealth creation available today, which generally focus on getting rich *quickly*. This book suggests that the opposite road is the surer one. The trend towards sustainable and rewarding wealth creation emerged in the wake of the global financial crisis. The key concept here is slow money.

The slow money approach to financial security is all about starting small but starting now, and slowly, surely building long-term, sustainable wealth throughout your life. The main principles of slow money can be summarised like this: (1) spend less than you earn; (2) begin saving and investing today; (3) set lifestyle goals, and link your wealth creation to these goals; (4) segment and track your savings and spending; and (5) evaluate your purchases and insist on value for money. By following these principles, using a little discipline and taking advantage of the power of compound interest, anyone can build wealth sustainably over the long term, and feel good doing it!

Of course, by far the best time to learn and adopt these principles is when we're young, before unwise spending patterns and poor decision making have cast us into a world of debt. That's why this book speaks particularly, although certainly not exclusively, to readers aged in their 20s to 40s. Many will be young professionals with the monetary resources to succeed, but because of their relationship with money, they have found it difficult to break bad habits and get ahead.

For 10 years I've worked with people from all walks of life, ages and income levels and I've seen it all—from the senior medical director earning \$400 000 a year retiring with no assets and only \$200 000 in super (which would last him six months), to the teacher on a modest wage who managed to retire at 55 with more than \$1 million in super (which will last her to the end of her days). The one thing I've learned is that it's really quite simple to build wealth. If you don't overcomplicate it, or persuade yourself you'll never be wealthy because of your wage level, you *can* achieve financial security.

Get Rich Slow cuts right to the chase to help you make the most of your financial situation. The book is organised into three parts, each of which focuses on one of three overarching goals: facing your current financial situation, learning what you need to know about money management and getting started on your own journey to financial security.

This journey begins, as chapter 1 outlines, with taking personal responsibility for your situation. Chapter 2 warns of the false promise of quick money schemes and luck over hard work, determination and a different way of thinking. The next two chapters focus on debt control and the importance of distinguishing between good and bad debt. Finally in this part, chapter 5 argues passionately against deferring change to another day, because time is the one variable we cannot control.

Part II explores the main investment vehicles available to us, reviewing the roles cash (chapter 7), shares (chapter 8) and property (chapter 9) can play in helping us to achieve our financial goals, while also recognising another essential, often overlooked asset—our own earnings potential (chapter 10). The part closes with a review of the greatest savings vehicle of them all—superannuation (chapter 11).

The first two chapters of part III explore the fascinating subject of the psychology of money: when it comes to our attitudes to money and financial decision making, our upbringing, beliefs and habitual patterns of behaviour are surprisingly influential, and we need to understand these influences to avoid limiting our financial outcomes. In chapter 14 we take stock of our resources by completing a budget and financial position assessment. In the next, most important chapter we set our specific financial goals, prioritise them and establish exactly how and by when we will achieve them. We are now well on our way, but, as chapter 16 warns, without the security of adequate insurance cover, all our carefully laid plans are potentially exposed to events beyond our control. None of the steps to financial security I set out in this book need be especially complex or intimidating. Still, as discussed in the final chapter, seeking the advice of a financial adviser, accountant or other expert is highly recommended, as is sharing your journey with friends.

I hope you enjoy this book. I hope you put the lessons shared to good use, and I wish you a lifetime of prosperity.

PART I

Let's **get** real

CHAPTER 1

What are **you** waiting for?

You cannot escape the responsibility of tomorrow by evading it today.

Abraham Lincoln

Someone once wrote, in relation to taking personal financial responsibility, 'A man is not a financial plan'. I can't remember where I first read this, and I've certainly heard it a number of times since, but it rang so true to me I just had to open the book with it. As an independent teenager who worked from the age of 14, I always had money to save for things I wanted and to spend on having fun with friends. Maybe because of this, and because of my parents' separation when I was still young, I never really considered the idea that a man, or even my parents, would be my path to financial security.

So it surprised me to find that many people do consider their personal financial wellbeing to be the responsibility of someone else, whether their own parents, a partner, an employer, the government, or even friends or extended family. Many convince themselves that the financial situation they are in is out of their control and wait for outside factors, things they cannot influence, to change in order for their own position to improve. We all lose our way from time to time, and I have been guilty of falling into this mindset in the past too. The important thing is to recognise the signs and to start to change the way you think.

An ancient lesson

Lao Tzu, the ancient Chinese philosopher and founder of Taoism, sums up the power of our thoughts beautifully:

> *Watch your thoughts; they become words. Watch your words; they become actions. Watch your actions; they become habit. Watch your habits; they become character. Watch your character; it becomes your destiny.*

If we indulge in a belief that our financial situation is not our responsibility, ultimately we will create a reality in which our finances are indeed out of control. It all starts with our thoughts, because over time they will play out in our actions. If we can create positive thoughts, in any area of our life . . . well, you can imagine what will start to happen.

Common mindset traps

In my professional role as a financial adviser, I am often taken by surprise when seemingly confident and successful professional women—highly educated executives who lead teams, run corporations and make tough decisions—come to see me with two budgets prepared. The first is their actual budget; the second includes the income of a fictional 'Prince Charming' who is waiting 'just around the corner' to sweep them off their feet and provide for them. They actually spend precious time factoring this into their financial plan.

I've also come across men who run apparently successful businesses but are up to their eyeballs in debt—for which they blame the tax office, their suppliers, their clients, their professional advisers and whoever else they can think of, rather than the simple fact that they've mismanaged their money and have been living beyond their means. I commonly hear business owners blaming their accountants for not making them aware of their tax liabilities, when the reality is they simply *spent* everything in the bank account and didn't set anything aside for the tax that always must be paid. It's pretty simple: if you earn money (which is a good thing), you'll have to pay some tax (not so great, but unavoidable).