

## EDUCATION

# Reads to riches

Want to conquer the sharemarket or pay off your mortgage in a week? Denise Cullen puts personal finance guides to the test.

So you want to learn how to stop blowing your budget? Tame the sharemarket beast? Become a property baron? Or just banish the debt collectors from your door?

Whether you're seriously loaded or on the brink of bankruptcy, there's a book out there to help you manage your money.

The number of new business, management and personal finance titles has boomed over the past five years.

According to Meredith Currow, an associate publisher at Random House Australia, the umbrellas of business genre books – the titanic under which personal finance falls – grew by a massive 480 per cent from 1999-2003.

Publishers, eager to capitalise on our hunger for financial advice and sign up the next bestselling Robert Kiyosaki to their stable of authors, are still pumping out fresh titles each month.

So why are we buying so many books?

The reasons are myriad, as are the titles. But, put simply, we do it because we can.

We're an affluent generation, with significant capital in our homes thanks to rising house prices, and more money than ever to invest, says Kevin Bailey, executive chairman of The Money Managers, who has himself written a book (*Your Money Guide*, Lohian, 2003, \$19.95pp) and is working on another.

"People are becoming more aware of their responsibilities," he says.

"Previously, people spent more time planning their annual holiday than their finances. But the baby boomers are more hands-on and so are starting to change this attitude.

"People are responsible for larger and larger lump sums as a result of super being compulsory for over a decade, and also inheritances getting bigger."

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KEVIN BAILEY, The Money Managers

The Melbourne psychologist Meredith Fuller puts it down, in part, to our aspirational lifestyles. "No one wants to live on a pension any more. There's a real sense of entitlement in society," she says.

"Whereas in previous generations, people were more patient and their needs were more simple, now we want instant gratification. It's our expectations that have changed."

The boom is part of an overall trend towards people favouring non-fiction books over

rambles through fictional worlds because many people, particularly those with money to invest, are time poor.

"We're making some pretty hard decisions about how to spend our time because we just don't have any," Fuller explains. "When we read, we want six new bits of information that we can use tomorrow."

Whether we implement the new financial knowledge that we glean is another matter entirely, says Laura Merszchik, principal of Millennium Financial Services.

"We all have very good intentions. We start out thinking, 'If I read this book it will do me some benefit,'" she says.

"But I suspect a lot of people [buy money books] for the same reason I buy cookbooks. I do it with the best of intentions, but never quite get around to buying the lamb, and marinating it, and inviting people around for this sumptuous Middle Eastern feast."

"One big problem with this flood of books is that they're selling us the wrong messages," says Chris Field, executive director of the Consumer Law Centre Victoria (CLC Victoria).

"You need to beware of any books that promise you can go from \$1 to \$1 million in a short period of time, because that's likely to prove untrue for a great proportion of consumers," he says.

"If you see anything that says you can make money quickly, don't pick it up, and if you've

already picked it up, put it down or, better still, throw it in the recycling bin.

"The benchmark [of a good book] is that saving and making money is a long-term proposition."

"Look for books that give commonsense strategies, that encourage spending with cash, paying credit cards off in full at the end of each month – the ones that give sound, commonsense, plain English advice."

"Even with these books, ask yourself, how many of them do I need? The fundamentals are pretty much the same – beyond one or two [books], the law of diminishing returns applies."

Meanwhile, people who have moved beyond the basics and are more interested in books about trading should beware the lure of non-existent secrets, says Paul Dolan, the national manager of investor education with the Australian Stock Exchange (ASX).

"The ASX has recently released a trio of books – *Starting Out In Shares, Trading the Sharemarket and Trading Options* – to complement its face-to-face and online classes."

"I can't tell you how many times people have asked me for the one book that holds the secret," Dolan says.

"That's the basic premise they're operating from, that there's a secret out there that someone isn't telling them and that if they only knew the secret then they could write their own ticket, and life would be great."

Yet feeding our apparent greed is a deep vein of anxiety, Fuller notes.

"Yesterday people had war and depression, but even in the face of that you knew you had a multi-generational family unit who could all pitch in, and neighbours who could come and give you some soup so you wouldn't starve – the continuity of that ancestral certainty, that was your buffer."

"But now, a lot of people won't mate, we're having smaller family units and messier family units."

"We're saying, well, the government isn't going to look after me, my family isn't going to look after me and so there's a very real sense we're facing an uncertain future."

"That's why we like to grab what's concrete. We're asking, what can I control in the here and now? Because things are so out of the air."

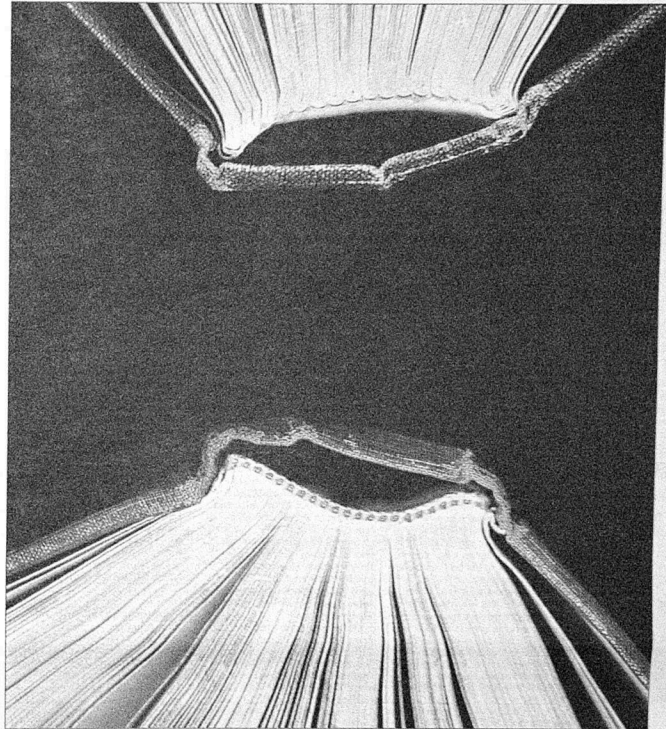


Photo: Jessica Horvath

Stir into that the recent spate of business collapses, corporate chicanery and general distrust of institutions and it is clear why people are developing a very real "knowledge is power and every man for himself" mentality.

"People are thinking, what the hell, who can you trust?" Fuller says.

"So when we're talking with financial advisers or negotiating with a bank, then we need to have some sense that we're not being done over – we don't want to be little lambs," she says.

She points to an even darker side to this publishing boom.

"If someone [troubled] sees a book along the lines of what your father didn't tell you about money, it instantly makes your financial problems someone else's fault."

"In doing so, it raises that emotion of 'I hate my family but it fails to address your own financial bad habits, like being a spendthrift.'"

People emerging from relationship bust-ups with far less than they expected can also feel resentful and so are easy prey for tomes which promise to make up for what's wiped out.

But Justin Walsh, head of research with managed funds researcher Morningstar, sees our thirst for books in generally positive terms.

"It's good that people want to get educated, education is a powerful thing," he says. "Just don't get caught up in the hype – you need to watch out for people who have made their money through writing and selling books."

"One of the guys from the office summed it up when he said, 'You want to read books where people don't really need the money from the book.'"

## HOW TO BE A BOOKWORM

- Bamboozled by the sheer number of titles on offer? Ask the bookseller for advice, says the psychologist Meredith Fuller. "They can tell you which books have been selling solidly over a number of years versus the latest fad in the fan."
- If you're not the greatest reader and can only manage half a page before falling asleep at night, get creative, advises Millennium's Laura Merszchik. Buy an audio book, to listen to in the car or during your morning walk.

- Choosing a finance book for someone else can be a tough task. "If you know they're a Colleen McCullough fan, you can buy her next book and be fairly sure they'll enjoy it," Merszchik says. "But just because they've sold a few Telstra shares doesn't mean they're ready for a book on trading mining shares." Skip choosing a book and go for a gift voucher instead.
- Booksellers can run out of stock and even classics can go out of print. If you're having trouble finding the right book,

check online sites such as [www.booktopia.com.au](http://www.booktopia.com.au) and [www.bibliolix.com](http://www.bibliolix.com)

- Group therapy makes reading a richer experience, Fuller says. "If you're really serious about wanting to implement [strategies in a book], get an ally, a buddy, or form a book club to discuss the book and check out how you're interpreting the data. Colleagues might ask different questions to you and point out things you didn't think about."