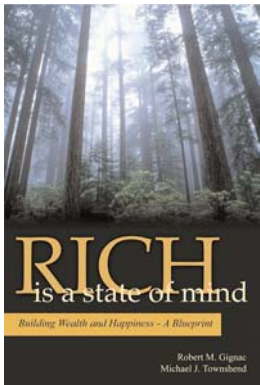


Back to basics with book by advisor-client team

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(July 2003) Being rich isn't as simple as having more money, as Ernest Hemingway famously told F. Scott Fitzgerald. It's about freedom and feeling secure in your own well-being.

That's the message behind *Rich Is A State of Mind*, a personal finance book that is best described as *The Wealthy Barber* meets *The Idiot's Guide to Getting Rich in Canada*. The authors, Michael Townshend and Robert Gignac, use the fictional situation of Richard Jarvis and his financial advisor, John Linden, and their attempt to educate Richard's 22-year-old nephew (James) and 21-year-old niece (Joyce) to illustrate how to begin planning for your future.

This real-life advisor (Townshend) and client (Gignac) team approach this task in an interesting and unintimidating way that would be suitable for new clients who may be unfamiliar with the financial planning process. As Gignac quotes Townshend from a meeting early on in their relationship, "Creating a financial future is really just the repetitive application of basic principles."

The authors use the pretend example of Joyce and James to show that the concept of "rich" is different for everyone. In chapter four, different expectations of "rich" are discussed, whether it be rich in material things or rich in relationships or a combination of both. Once their goals are formulated and written down, the authors explore the steps needed to achieve those goals in the following chapters with their two characters.

Through a series of meetings over the course of a year, John walks Joyce and James through the basics of financial planning, starting with goal setting and figuring out what they would like to accomplish. They write down their goals, and learn how to recognize good debt versus bad debt.

The story of Joyce and James also includes the lesson that it's never too early to start saving for their financial futures. As the authors point out, saving has become almost old-fashioned in the face of the buy-now-pay-later mentality. Consumer savings in the 1970s was a respectable 7.6% of income but now savings only represent 2.8% of all generated income.

The book doesn't shy away from the potential dark side of investing. James and Joyce learn about risk tolerance and what can happen when portfolios aren't diversified properly. They also are taught about the need to constantly review their goals and plans as their lifestyles change.

Although the assumptions used in the examples in *Rich is a State of Mind* are a tad optimistic — 10%! — this book will succeed in getting younger clients thinking about their financial goals and what they must do to reach them. It also shows how families can have discussions about money with their offspring in a conversational and non-threatening manner. This book would be a must-read for your clients' children as a way to educate them about financial planning and goal setting.

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