

WEALTH CREATION – CAN YOU DO IT?

In the news and recently on ZB Talkback, there has been some discussion about the rich, the poor and New Zealand's overall attitude to richer people ie the tall poppy syndrome. Many respondents were along the lines that while not rich in material assets, they were rich in the friends and the lifestyle they enjoyed. Another section of people noted how much more positive people were in Australia as compared to New Zealand and some were looking at 'jumping the ditch' to get into that environment.

The way we think and what we consequently do, all boils down to our attitudes. Effectively our attitude determines our altitude. Expanding on that, with the right attitude plus the tools (education, experience etc) we can all extend our horizons achieving far more than we ever dared dream.

So why do we knock off the tall poppy, deride people who are wealthier or achieve more than us, knock our sports people when they lose and become holier than thou with the typical benefit of hindsight remark, 'I told you so!?' Is it because we feel other nations (Australia being closest) have the edge on us, is it our politics, our cradle to grave welfare or do we think we are a downtrodden people? I find these reasons hard to believe in a nation of people that travels extensively, has a far broader knowledge of the world than many other races, and have many advantages that many other countries do not.

Getting back to money, because that is what I deal in. As mortgage and finance advisers we see in the course of everyday business, people who will make it and people who won't. The difference is attitude and the discipline to adhere to certain principals. Here are 7 psychological principals of the wealthy (not just in riches but also in lifestyle).

1. I am *responsible* for everything that happens to me.
2. You *deserve* wealth – not emotional attachment to money.
3. *Opportunity* is everywhere.
4. Focus on *fulfilment*.
5. You do the *work*, not the market
6. Income = lifestyles, but *Assets* = wealth.
7. Know the rules and play the *game* – it is there to be played with honesty and integrity.

Expanding on this there are a further 7 keys to wealth creation.

1. **Generate Cash (by legal means).** Get your finances under control – eliminate all non-tax deductible and non-appreciating debt – you know, that H/P and credit card stuff that makes you poor and the financiers and retailers rich.
2. **Protect your Income by**
 - Increasing and multiplying your skills
 - Succession planning and systems
 - Income protection, life and disability insurances
(www.insurancehelp.co.nz)
3. **Research** – learn about property, shares, cash, economic cycles etc.

Power and wealth is concentrated among people who bother to educate themselves in this way – you don't need a degree.

4. **Obtain ASSETS** eg property, shares. These are growth assets as against term Deposits or cash which are 'hold' assets ie they may not outpace inflation.
5. **Expand the ASSET** – Value add, leverage or gear prudently.
6. **Assess Opportunity** –
 - Is this the best place for your money?
 - How best do you turn asset back to cash?
 - Opportunity cost of holding.
7. **Put the Asset to work.**

Each of us started out as a success because we beat about 10,000 other sperm to fertilise the egg. So the challenge, fellow New Zealanders, is to circumnavigate the negative, accentuate your positives and develop better attitudes than the Aussies or anyone else for that matter.

“Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like” – Will Rogers.

(I'm not the Christmas Grinch, but watch that Christmas spending)

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