

I live in one of the Wealthiest Countries on Earth, so why aren't I Rich?

A few years ago I began to ask myself some valuable questions. The first question being, Why is it that most people do not make it? After all, the World Bank once considered Australia to be the wealthiest nation on the planet. Unfortunately, now the standard of living for many Australians is dropping rapidly, despite our politicians trying to convince us otherwise. With all the wealth that still exists, why is it that so few Australians get to share in it? What is going on that limits us to sharing in only a fraction of this country's wealth, and what can we do about it?

The other thing I was very curious about was why there are some people that start with nothing and become millionaires, some people even in their early 20s, and there are a lot of examples of that in Australia right now. Some people in their 30s, 40s or 50s there is no age limit for financial success. But there are other people who seem much more intelligent, often with a higher education, that in terms of achieving financial success, fail and their lives are filled with hard work and struggle. What is the difference between the two? Is it luck that has some people acquire wealth, perhaps they buy more lotto tickets? Do they marry into money, or inherit it? Or is there a bit more to it?

Let us then look at the success formula that most people have been following. That of going to school, getting a good education and then working long and hard until retirement. It is interesting to note the people following this formula, which is nearly 96% of the population, are the ones who generally by the age of 65 end up dead, dead broke, on a pension or need the family to support them.

I have been dead broke before and at one stage I thought that dead would have been better and I am glad I did not take that option, but some people do.

4% of the population become what we call "Financially Independent" which means that at age 65 they are able to stop working and continue to live a comfortable lifestyle. It does not mean they are rich. It just means they have enough money coming in to support them, usually around \$42,000 per annum. 1% of the population at age 65 will become what we call "Rich". The Australian Bureau of Statistics classifies "rich" as having a net worth in excess of \$1 million dollars. A million dollars used to be a lot of money years ago, but by today's standards, it is not that much. In the future, most people will become millionaires just by paying their house off over 20 or 30 years. There are about 200,000 millionaires in Australia, but even then, do these people necessarily have lifestyle?

Remember, what we are trying to learn is how to achieve lifestyle, and lifestyle = time + money.

There are many people that become millionaires but still lack time and money. In other words, they need to keep on working. They become what we call asset rich and cash flow poor. You probably know some people like that maybe even intimately. Becoming asset rich and cash flow poor is really not the idea. Having money stuck away that can not be used is pointless. There are many people who die with it and there is not a lot of lifestyle in that. Sadly, the percentage of people that actually have the quality of life they would really like is very small.

For those of you into detail, imagine you had 100 classmates. Out of 100 of your classmates, despite their best intentions, 71 of them will end up broke at age 65 and sadly 25 of them will be dead now you may say you can not blame money for that or can you? A lot of doctor's talk about a thing called cancer of the wallet. Do you know what that is? It is financial stress and is usually not caused by having too much money but a lack of money.

Now, let me ask you a question. When you were leaving school, did your teacher ever say to you, "Who would like to volunteer to go out into the world, get a job that you do not really like and work really hard for 45 years? You will work Monday to Friday, (and some of you will need to work Saturday as well) to pay the bills and never get to do the things you really want to do because you will not have enough time or enough money. Then at age 65 you will get to retire and within 2.7 years you will drop dead." What percentage of students do you think would have volunteered to do that? Maybe one or two up the back of the class who must not have been paying attention and missed the question.

Alternatively, how many do you think would volunteer to learn how to set themselves up financially, so that from age 25 to 30 onwards they never had to work another day in their life unless they chose to? Instead they would get to spend quality time with family and friends, travel to all the places they ever wanted, establish a career that they believe in and live the life of their dreams. My guess is nearly 100% except for the ones up the back who must not have been paying attention and missed the question again.

So, 25 of your classmates have unfortunately passed away. What about the ones that retired broke. How broke are they? 20 of them will have incomes of less than \$15,000 pa at age 65. That, by the way, is below the poverty level! 51 of them will have an income between \$10,000 up to as much as \$35,000 (with an average of about \$18,000) that is not crash hot either! Only four of them will have annual incomes of over \$35,000 and only one of them will be classified as a millionaire.

It is clear now that this formula definitely is not working for most people. We could look at this as evidence that it is highly unlikely that we are going to succeed and we could say, what is the point of really trying? The people making it must be really, really lucky. Instead it is probably a good idea to take the advice of my millionaire mentor who said, "If you want to succeed, you need to figure out what most Australians are doing and do the exact opposite." I believe that anyone can follow this philosophy if we keep it rather simple.

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