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It's never too late to start saving
Spend less, save more and earn more
David Bach says

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If you're like most Canadians, you believe you started far too late to save enough money for a comfortable retirement.

That's the finding of a Scotiabank RRSP survey which will be released shortly. An Ipsos-Reid poll of 2,906 Canadian adults found a whopping 61% think they started saving too late. It also found 55% would save more for retirement were they not living paycheque to paycheque.

Of course, Scotiabank believes it's never too late to start saving, which is why later this month it is importing American financial writer David Bach to expound on the new Canadian edition of his latest bestseller: Start Late, Finish Rich (Doubleday Canada, 2005.)

Bach begins by revealing the one comment he hears over and over again at his talks is "If only I had started saving when I was younger."

Forget the pity party. Bach is quick to remind readers the past is over and there's no use whining. The only productive thing you can do is decide what you're going to do about it from here on in.

The book's three major sections are "Spend Less," "Save More" and "Make More." Some of this was covered in Bach's six earlier books, including The Automatic Millionaire. He advises eliminating all debt, particularly credit cards and home mortgages; then using the "latte [coffee] factor" to reallocate daily luxury spending into a regular "pay yourself first" approach to investing.

Bach urges renters to buy their own homes and advocates a three-way split between real estate, stocks and bonds. If your principal residence doesn't make up a third of your net worth, he suggests investing in REITs or investment real estate directly. Bach devotes two chapters to real estate, one of his personal avocations.

The book has been properly Canadianized. In an interview, Bach says Canadians are in slightly better financial shape than Americans. "They have a little less consumer debt and more in savings. The average Canadian has two or three months of expenses saved up. The average American has two weeks."

Bach wants the whole world to boost its savings rate -- the Finish Rich books are now in 30 countries and 10 languages.

Bach himself is only 38 and well past his first million dollars but insists it's not too late even if you're in your forties or fifties -- "even your sixties and beyond."

The later you start the tougher it is. This is where the book's "Make More" section breaks new ground. It has strategies on how employees can hit the boss up for a raise, how to start their own businesses without quitting their day jobs, and how to make money through eBay, direct sales or franchising.

Four years ago, Bach left his financial planning practice to write, speak and broadcast full-time. He says he prefers to help ordinary people become millionaires to his previous work with clients who had already reached that milestone.

What do those still toiling in the investment advice business think about the chances of starting late and still finishing rich?

"It's never too late but it may be very hard to get where you want to be if your goals are too high and you've not done a lot about it," says Adrian Mastracci, a fee-only investment counselor with Vancouver-based KCM Wealth Management Inc.

You can juggle only three variables, capital, rate of return and time. Therefore, delaying the start of this process makes it much tougher.

When Mastracci meets with late starters, they are taken aback when he informs them of the reality that they may have to push off their goals by five or 10 years.

Not that Bach sugarcoats this fact. He counsels that the earlier you start, the bigger your nest egg will become. Late starters should sock away 25% of their income -- far more than the 4.5% the average Canadian puts away.

The book shows how a daily investment of $5/day (from foregoing a double latte from Starbucks) grows to $30,727 after 10 years if invested at 10% a year. If that $5/day redeployment of cash continues, it grows to $113,905 after 20 years, $339,073 after 30,

$948,612 after 40 and an incredible $2.6-million after 50 years. As one chart shows, those with a cigarette habit can get similar results.

"Most people overestimate what they can do financially in a year -- and underestimate what they can achieve financially in just a decade or two," Bach writes.

Bach urges parents to educate their children about the time value of money while still young enough to benefit. It's a lesson our schools failed to impart to us -- blame them if you're bitter you started saving too late in life.

Then get on with it.