

The Time To Start Investing Was Yesterday, But ...

Hope for Those Running Late

by Angele McQuade

Start Late, Finish Rich: A No-Fail Plan for Achieving Financial Freedom at Any Age by David Bach, Broadway (January 2005), \$25.00, 352 pages.

Good Debt, Bad Debt: Knowing the Difference Can Save Your Financial Life by Jon Hanson, Portfolio (January 2005), \$21.95, 246 pages.

Your Financial Action Plan: 12 Simple Steps To Achieve Money Success by G. Cotter Cunningham, John Wiley & Sons (October 2004), \$24.95, 200 pages.

Financial author David Bach is so prolific that his books almost need their own section in the bookstore. He made his first big splash with *Smart Women Finish Rich*, followed up with *Smart Couples Finish Rich* and hit the bestseller lists again with last year's *The Automatic Millionaire*. His "book a year" streak continues in 2005 with *Start Late, Finish Rich*, aimed at readers concerned they've waited too long to start saving toward retirement.

Bach commissioned a study in 2004 to find out what worries Americans about their financial futures and why. The majority of those responding had little in savings and a lot of debt, and they were living paycheck to paycheck. They were troubled about their situation but felt they couldn't do anything about it because their expenses were too high and their incomes too low.

Bach has responded by offering a plan for shifting the balance toward higher income and investments and lower expenses. While *Start Late, Finish Rich* shares much of the same content and philosophy of Bach's earlier books, he's now reaching out to more-hesitant investors. His commonsense, reassuring prose encourages even those on the brink of retirement that it's not too late to improve their financial futures.

Bach emphasizes again and again that the journey he advocates isn't about big leaps but small steps, that saving a little bit every day and deliberately investing it will lead to far better results than one might expect. He fills his book with stories of people who followed his similar plans from earlier books and who are now retired or much closer to a comfortable retirement than they had ever hoped. *Start Late, Finish Rich* also expands on Bach's earlier books, covering new topics such as ways

to increase income through real estate and home-based businesses, transforming debt into wealth and teaching children about money so that they won't ever have to worry about starting late themselves. *Start Late, Finish Rich* tosses a life preserver to those worried they've missed the boat when it comes to retirement planning.

Not So Down on Debt

As national consumer debt levels continue to rise year after year, debt has become a four-letter word to many. We not only scrutinize the quantity and type of debt carried by companies we may be interested in investing in, we also worry about our own types of debt and the effects they'll have on our financial well-being. But is this worry justified? Perhaps not all of it, suggests author Jon Hanson in *Good Debt, Bad Debt: Knowing the Difference Can Save Your Financial Life*.

Starting with Hanson's story of his own financial failings — he owed a large tax debt at one time — he cautions readers not to assume that every type of debt is detrimental to financial well-being, or even that every type of debt is equal. Having little or no debt can be a problem, too, he warns.

Hanson recognizes that the idea of "good debt" smacks of heresy to those who believe that the only good kind of debt is no debt at all. Some level of debt is necessary in most of our lives, he says, and can be useful and profitable in the long run, too. He identifies and discusses the three types of debt that can lead to economic benefit when leveraged properly: for education, for real estate (he spends a lot of time on this subject, having spent 24 years in the field) and for business.

Good Debt, Bad Debt isn't just about paying off credit cards and other consumer loans. It's about creating a new way of thinking that allows you to maximize what you already have while working toward your goals. Hanson shares lessons from his childhood and financial mistakes he made to show how this philosophy developed from his struggles to overcome debt.

Debt may not be a funny subject, but Hanson still works hard to keep his book as lighthearted as possible, even including original cartoons. This humor



never detracts from his serious message. When the laughter stops, he wants us to remember the differences among the many types of debt we encounter so that we can make sound choices.

I'm not necessarily convinced that the potential hazards of too little "good" debt outweigh the benefits of a liability-free balance sheet, but Hanson makes a strong argument for judicious borrowing. *Good Debt, Bad Debt* is a must-read for people concerned about their looming credit card balances as well as those curious about the role borrowing plays in society.

Working Down Your "To Do" List

Once you've figured out the true extent of your liabilities, how will you integrate them into your financial planning? Or are you too overwhelmed by the thought of such a massive task to even consider making a financial plan at all? G. Cotter Cunningham, chief operating officer of financial Web site Bankrate.com, doesn't think the task should be overwhelming. He's developed a strategy to help you learn what you need to know to steer toward a solid financial future in *Your Financial Action Plan: 12 Simple Steps To Achieve Money Success*.

Cunningham starts out with a 12-step quiz to help you determine your level of financial literacy. You can then follow Cunningham's next 12 steps to create an action plan. Some of the many topics Cunningham covers include retirement plans, credit ratings and reports, estate planning and insurance. While Cunningham's advice isn't particularly groundbreaking, he does hammer home the importance of completing the financial tasks many of us neg-



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lect. If you've ever thought, "This is the year I'll finally draw up a will," or "I really should get around to refinancing my mortgage," sticking to Cunningham's 12 steps could lead to a dramatic transformation of your financial life.

Your Financial Action Plan also includes a noteworthy appendix stuffed with form letters that you can adapt when negotiating the

purchase of a new car, correcting a credit report error or tackling 20 other financial situations.

And if you couple Cunningham's 12 steps with David Bach's saving strategies and Jon Hanson's primer on debt management, you just may find yourself with a powerful set of tools to make 2005 your most organized and comprehensive year of financial planning yet. ■

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