

THE ONLY MONEY GUIDE YOU'LL EVER NEED

THE ALL-TIME #1 AUSTRALIAN BESTSELLER

#### Welcome to the 2020-2021 update

G'day!

In 2019 I had a major life change.

I decided to go back to school and study to become a not-for-profit financial counsellor. That means I now volunteer my time helping vulnerable Aussies in financial hardship.

My first role was helping bushfire victims...and then came COVID-19.

(I've updated this book to take into account what I've learned in the financial trenches helping people who've lost their homes, jobs or small businesses get back on their feet.)

The government quickly understood that COVID could have caused us to flatline.

So they've figuratively sprinted in, ripped open our shirt, and applied an economic defibrillator:

Squeeze the gel! Send billions of (borrowed) dollars directly to people's bank accounts.

Rub the paddles together! Set interest rates to (basically) zero.

Clear!

So far the patient is showing signs of life, but it's still too early to understand what the real damage is.

Truth be told, we live in very uncertain times.

Yet there's one group of people who are financially confident whatever shocks they're faced with:

My Barefoot community (which has been described as 'the biggest financial cult' in Australia by the media).

What's their secret?

It's not that they're earning more money than you.

It's not that they're in safe jobs...many have had their hours cut, or lost their jobs in this crisis.

Yet, almost without fail, they're staring down this crisis and saying: 'I've got this.'

What gives?

You're about to find out.

#### A quick note about the products mentioned in this book

Four years ago, when I first sat down to write this book, I expected to sell a few thousand copies at best.

So, I wrote it the same way I'd talk to a mate if we were at a pub (remember those days?):

I talked about my simple 'bucket' strategy...the exact bank accounts I use...even the pillow I bought that I couldn't shut up about!

After reading the manuscript, my editor boldly proclaimed: 'I predict this will sell at least 20000 copies!'

And then...all hell broke loose.

We sold 100000 copies.

Then 500000 copies.

Then 1000000 copies.

Then 1500000 copies.

Now we're closing in on 2000000 copies.

For a few years now, people across the country have been signing up to ING and buying Dunlopillo pillows...and now banks are piggybacking off the popularity of my book with multimillion-dollar ad campaigns about buckets!

For a guy living on a farm, it's all a little strange.

In the 'barstool chat' spirit of the original book, in this update I've kept those references to many of the products I use myself.

But the truth is, I'm not a 'rate tart': I don't go through the switching rigmarole each year to earn an extra \$8 in interest.

There are now *better* deals on offer than the ones I use. Case in point: today there are several index fund offerings in super that are just as cheap as (or cheaper than) the Hostplus fund I mention in this book!

So before you sign up for the same accounts as me, you should do a quick Google to see if there are any better deals on the market right now.

Welcome to 'the cult'.

Scott Pape Family Farm October 2020

#### Praise for The Barefoot Investor

This book will help you protect the people you love.

-Melissa Doyle, host of Sunday Night

Scott is one of the best communicators on financial matters in Australia—in fact, one of the best communicators full stop. More importantly, what he writes not only makes common sense, it's correct and has integrity. He's a commentator with no axe to grind (apart from the one at his farm), and there aren't many of us.

- Alan Kohler, ABC Finance Presenter, Constant Investor

In this book you will read true accounts from a divorcee road train driver, a young widow and a returned defence officer—all of whom have 'gone Barefoot' and are massively better for the experience. They join thousands who are following the Barefoot strategies and are happier, more confident and, importantly, wealthier.

—Tim Fischer, Former Deputy Prime Minister

I have always enjoyed reading and listening to Scott talk about money. He is my sort of money guy as he talks in a language we can all understand. More importantly he speaks the truth about money. There are, barring a miracle Lotto win, few shortcuts to wealth, it takes time and effort. This book can really help you to take control of your money. Scott's no-nonsense style is easy to read and he provides a step-by-step guide that will give readers a path to financial security.

—Paul Clitheroe AM, Chairman Australian Government Financial Literacy Board

Why is this the #1 book I recommend to anyone who wants to invest in financial freedom? Because it is much more than just another money book. Scott provides a framework, great ideas and compelling writing to bring to life practical strategies that will truly allow the reader to tread their own path—to achieve financial security, live a purposeful life and leave a lasting legacy.

-Arun Abey, co-author of How Much Is Enough?

Scott Pape has delivered on a promise often made but rarely kept: this is useful, inspiring and practical advice. His story about the apple tree is worth the entire cost of the book.

—Seth Godin, bestselling author of Linchpin: Are You Indispensable?

# barefoot investor

#### No funny stuff, just money stuff

The information in this book is general in nature and for educational purposes only. It should not replace individual, independent, personal financial advice, tailored to your specific needs.

Neither Scott Pape nor anyone associated with Barefoot Investor or the making of this book has received any kickbacks, commissions or fees—or even so much as an invite to a corporate box at the footy—for mentioning anything contained herein. We never have, and we never will.

We are fiercely independent.

The bottom line: you're reading the same information that I'd give to my mum, God love her.



## — THE ONLY MONEY GUIDE — YOU'LL EVER NEED

#### **SCOTT PAPE**

WILEY

First published in 2017 by John Wiley & Sons Australia, Ltd 42 McDougall St, Milton Qld 4064 Office also in Melbourne

Reprinted with updates October 2020

Typeset in 9.75/14 pt Caecilia LT Std

© Barefoot Investment Management Pty Ltd 2017

Illustrations © Jeffrey D Phillips 2017

The moral rights of the author have been asserted

National Library of Australia Cataloguing-in-Publication data:

Creator: Pape, Scott, 1978- author.

Title: The Barefoot Investor: the only money guide you'll ever need /

Scott Pape.

ISBN: 9780730324218 (pbk.)

9780730324225 (ebook)

Notes: Includes index.

Subjects: Finance, Personal—Australia—Handbooks,

manuals, etc.

Saving and investment—Australia—Handbooks, manuals, etc.

Dewey Number: 332.024

All rights reserved. Except as permitted under the Australian Copyright Act 1968 (for example, a fair dealing for the purposes of study, research, criticism or review), no part of this book may be reproduced, stored in a retrieval system, communicated or transmitted in any form or by any means without prior written permission. All inquiries should be made to the publisher at the address above

Cover design by Hyungtak Jun Cover image by Isamu Sawa

The author and publisher would like to thank the following copyright holders, organisations and individuals for their permission to reproduce copyright material in this book: © ING Bank: p.18; © Australian Securities and Investments Commission: p.27; © Rob Hill / Getty Images Australia: p.51; © piranka / Getty Images: p.51; © Pacific Brands: p.55 & p.56; © champja / Getty Images: p.62; © AAP Image/Dan Peled: p.142; © Australian Foundation Investment Company Limited: p.176; © Pacific International Music / Lyrics by Garry Koehler: p.244.

Printed in Australia by Ligare Book Printer

60 59 58 57 56 55 54 53 52

#### Disclaimer

The material in this publication is of the nature of general comment only, and does not represent professional advice. It is not intended to provide specific guidance for particular circumstances and it should not be relied on as the basis for any decision to take action or not take action on any matter which it covers. Readers should obtain professional advice where appropriate, before making any such decision. To the maximum extent permitted by law, the author and publisher disclaim all responsibility and liability to any person, arising directly or indirectly from any person taking or not taking action based on the information in this publication.

The author is not affiliated with and does not endorse any of the corporate entities mentioned in or involved in the distribution of this work, or any third party entities whose trademarks and logos may appear on this work.

For Liz. Home is wherever I'm with you. Date: 12 February 2014

Location: Romsey Emergency Evacuations Centre

She leaned in, gently put her hand on mine, and said, 'Honey, I know it will be difficult for you, but you're going to need to let people help you. You've got a young wife, a little baby... and you've just lost everything you own. I'm a financial counsellor. I help people in crisis. Let me help you.'

10 per cent of all author royalties are donated to the not-for-profit financial counselling peak body, Financial Counselling Australia.

#### WHERE TO GET HELP

Financial health and mental health are intrinsically linked.

Financial Counselling Australia and Beyond Blue have a public awareness campaign to encourage people in financial stress to seek support.

beyondblue.org.au/financialwellbeing

## **Contents**

About the author	xiii
Prelude: Living Barefoot	χυ
The alpaca attitude	xix
Part 1: Plant	
Step 1: Schedule a Monthly Barefoot Date Night	4
Money talk is better with garlic bread and wine	7
Barefoot banking	13
The world's cheapest super fund	23
Your insurance sorted in one beer	37
How to live like a multimillionaire right now	47
Step 2: Set Up Your Buckets	58
The Serviette Strategy	61
Step 3: Domino Your Debts	76
Removing the brainwashing	79
Domino your debts (except your HECS-HELP and	
your home)	95

#### Part 2: Grow

How to double your income	109
Step 4: Buy Your Home	120
How to buy your home in 20 months	123
Step 5: Increase Your Super to 15 Per Cent	138
Your Golden Ticket—becoming an investor	141
The automatic millionaire—how to put your investing	
on autopilot	153
Should I buy an investment property?	165
How to be a hero—investing for your kids (or grandkids)	173
Step 6: Boost Your Mojo to Three Months	184
The power of Mojo—never worry about money again	187
Part 3: Harvest	
Step 7: Get the Banker off Your Back	196
The curious case of the postcode povvos	199
How to save \$77 641 and wipe almost seven years off	
your mortgage	203
Step 8: Nail Your Retirement Number	212
The Donald Bradman Retirement Strategy—why you	
don't need \$1 million to retire	215
Finding your financial advisor on Tinder	229
It's not about you—a gift for your family	237
Step 9: Leave a Legacy	240
Building your legacy—a very special Barefoot	
Date Night	243
Freedom starts today—you don't have to wait	251
We'll meet again	255
Index	261

### About the author

Scott Pape is the Barefoot Investor.

For the past 15 years he's reached millions of Australians through his national weekend newspaper columns, appearances on TV and radio and his bestselling books, The Barefoot Investor (2016) and The Barefoot Investor for Families (2018).

In 2010 independent research firm CoreData found that:

Scott Pape is considered the most knowledgeable regarding financial matters, topping the ratings in the areas of superannuation, investment, taxation, insurance and economics. Pape is also considered the most trustworthy, truthful in how he presents himself and in touch with financial matters that affect everyday Australians.

In 2014 he was chosen to assist with the government's national financial literacy in schools program. He has worked with AFL and NRL teams, struggling single mums and elderly pensioners.

In 2020 Scott gave up his financial services licence to become a volunteer financial counsellor.

Scott lives in country Victoria with his wife Liz and their three children on their family farm and is often seen belting around in an old ute that doesn't need to be locked.

# **Prelude: Living Barefoot**

A blackened sheep stopped right in the middle of the road and eyeballed us.

Its feet were badly burnt. It was shaking. The wool on its side was scorched into curly knots, revealing its bloodied ribcage. It was heaving in and out, clutching for air. In shock. Dehydrated. Traumatised.

With our fences destroyed, the poor girl was left stumbling around on her own, searching for water on our home block. Most of her flock had been burnt alive when a bushfire ripped through my farm 24 hours earlier.

Bang...Bang...Bang.

Without my knowledge or approval, the Department of Environment and Primary Industries had rolled up at first light and begun destroying my surviving sheep. Apparently they can do that when your farm is declared part of a disaster zone.

The sheep limped off to the side of the road. They'd find her soon.



I gripped my wife Liz's hand and continued driving down our driveway towards our family home.

Two chimneys and a pile of rubble were the sum total of a lifetime of possessions.

Her wedding dress. Tea cups. The few last remaining photos of her late father, who had died 10 years earlier. Butter knives. All of my baby son's clothes. All of his toys. Everything was gone.

Overhead, a TV news chopper hovered. Later, it would land amid our dead and dying animals, and a reporter would enter what remained of our private family home and kick through the still-smouldering personal possessions that had made our little family us.

At the time I was used to fronting the nightly finance news; that day I was the news.

With the thick smell of everything burning, the sight of everything we'd worked for in ashes and a chopper buzzing around us, my wife erupted. She began screaming uncontrollably. Deep, loud groans of pain. Our baby son, who was strapped in his car seat, began bawling in sympathy.

At that moment, when everything was falling apart, I looked in the rear-view mirror and said to myself the first thing that came to my mind:

'I've got this.'

That's the truth. That's exactly what I said. Don't get me wrong: I'm not some Bruce Willis diehard tough-guy character. Far from it. But if this was the lowest point in my life, there was something deep inside of me that knew I could handle it.

And over the next two years, I did.

The belly of this book came from that one moment.

Because here's the thing: at some stage you're going to face your own financial fire.

It could be when your partner walks out on you and the kids.

It could be when you're sitting alone in the work carpark after the boss has made you redundant.

It could be after you go to the doctor for a simple 'check-up'.

It could be your girlfriend telling you she's pregnant.

It could be when you glance at your super statement and wonder how you'll ever afford to retire.

No matter what you face in the future, I want you to be able to look yourself in the eye and confidently say to yourself:

I've got this.

And by the end of this book, that's exactly what you'll be able to do.

#### Plant, Grow, Harvest

After the fire, we looked at the devastation that surrounded us, and were totally overwhelmed.

The smell gets into your lungs...into your brain.

The day before, we had a 'to do' list. Now we had a phone book.

With a million things to do, where would we even start?

Well, we chose to ... plant a tree.

An apple tree.

It wasn't a short-term fix, obviously.

After all, you don't plant an apple tree on a Saturday and then come back on Sunday and stand with your hands on your hips and scowl:

'Where are my freaking apples?'

No, you don't do that.

You don't pull out the sapling a week later and replant it on the other side of the yard where you think it's (maybe) sunnier.

You don't stay up at night worrying that your golden retriever is threatening to lift its leg on the trunk.

You don't nervously watch the weather on the nightly news and think to yourself, 'There's no rain on the five-day forecast! El Niño will wipe out everything. This is a disaster!'

You don't get desperate and google 'How to grow a thousand apples a day, with one tree'.

No, you just plant the bloody tree.

And then you wait.

A year or so later it bears some apples (mostly hard, small and sour). Its branches are still young, so the weight of the apples makes it droopy. (It looks like a tree version of a fashion model.)

And then you basically forget about it, and get on with your life.

You trust that the tree will grow, and that it will get all it needs from the rain, the sun and the nutrients in the soil. The exact same way trees have been growing since Adam and Eve shacked up and did the wild thing.

And a few more years go by, and then one day you walk past the tree and notice it's now a few metres tall and there are a few really juicy, ripe apples just waiting to be picked.

And then 30 years go by, and that little sapling has transformed into a big, beautiful tree with thick, strong branches that you attach a rope to as a swing for your grandkids to play on. And the apples feed your entire family.

And when you're long gone, your grandkids' kids still play under that magnificent old tree.

Nature has an easy-to-understand pattern: plant, grow and harvest.

It's the same with your money.

In this book, we're going to follow the same natural pattern.

We'll plant the seeds of wealth.

We'll watch them grow.

And then, we'll enjoy a life-changing harvest.

Let's begin.

# The alpaca attitude

Friends of ours moved to the country and bought a family home on a two-acre block.

They had so much space that they thought it would be nice to buy their kids a couple of alpacas. You know, to give them a real taste of the country life. The kids even gave them names: Alberto and Pedro.

Truth is, buying alpacas as pets is like taking heroin for a headache: they're basically camels without humps, and with the aggression of Tony Abbott.

Alberto and Pedro lived in the family's front yard.

The problem with that location is that alpacas are protectors by nature, so they naturally felt it was their responsibility to protect the family from any 'predators' that might approach the front gate—like the postie, family friends with small children, or grandparents.

Seriously, you'd walk up to their gate minding your own business, and then ... Bam! Out of nowhere, two surly, six-foot-five alpacas would be charging at you. Whoosh! They'd swing up on their hind legs, cock their heads to the side and ... Hoick! They'd shower you with green spit.

It was totally out of control.

So one day, over a cuppa, my wife offered to take them to our farm.

There was method to her madness. We'd already lost a number of our lambs that season to foxes, so the idea was to put the alpacas in with a flock of sheep and let the foxes know to keep the hell away—or they risked getting stomped.

Good plan.

I dutifully borrowed a horse float from a neighbour and drove to our friends' home to pick up Alberto and Pedro—only to find that things were already out of hand.

The 40-something father had Alberto in a headlock and was attempting to frogmarch him down the driveway.

It was two against one.

Pedro was darting around, shrieking at the top of his voice, violently headbutting him.

'The kids are really going to ... don't you bloody spit on me! ... miss them,' he panted.

The kids were inside the house playing games, oblivious to the fact that their dad was copping repeated kicks to the kidneys.



Fast-forward to the day after the fires.

As we left the remains of our destroyed home, I looked across a burnt-out paddock and saw Alberto and Pedro circling protectively around a small flock of burnt, traumatised sheep.

The alpacas' hooves were so badly burned they were having trouble standing. They'd collapse to the

ashen ground and then stoically lurch back up, groaning in pain. The Department was trying to destroy the sheep—but Alberto and Pedro wouldn't let them.

No-one messes with their flock.

Nothing was going to stop them. Not being burnt. Not struggling to stand. Not staring down the barrel of a rifle. They didn't flinch. They didn't take a backward step. That was their job. That was their purpose.

How's that for focus?

I want you to think about your money exactly the same way.

See, after years of doing this, I can already tell who's going to make it—the people who have that same alpaca attitude when it comes to their money.

It's easy to spot them. They say things like, 'Okay, so we're just going to have to work our arses off until we're debt free' or 'I can't afford to run this car, so I'll sell it and buy something cheaper'.

These people don't know it yet, but they're already free: free from excuses, free from second-guessing themselves and free from constantly worrying about their financial future. That's the payoff for standing up, making a decision and taking responsibility for your situation.

But most people aren't alpacas—they're groundhogs.

They do the same thing day in, day out... and then bitch and moan that 'nothing ever changes'.

Case in point: currently I have more than 13000 money questions in my inbox. At a glance I can tell which ones are sent by the groundhogs (most of them). They ask questions like, 'So I've been thinking about learning about day trading' or 'I can't pay my bills... should I just go bankrupt:(?'

Groundhogs want the magic diet shake rather than the daily 5am run.

And that's why, for most people, five years ago looks pretty much the same as today...with a few nicer clothes—but with the same excuses, the same regrets and more debt.

Here's the deal: the goal of the Barefoot Investor can be summarised in one word: control.

I'm going to provide you with a set of steps that will give you control over your money and your life.

It will work for you, just as it has for thousands of others.

But it ain't easy.

It's not enough to skim through this book and think about opening a few accounts. If it were, everyone would be rich.

I'm deadly serious when I say this: if you want financial freedom, you need to take charge. And, just like an alpaca, you have to be prepared to stand up and fight like your life depends on it—and never, ever back down.

#### Put your foot down

The first person you need to fight is yourself.

Picture what you looked like in your high-school photo.

If you were anything like me, you were awkward, gangly and so ashamed of your braces you didn't open your mouth (though you now thank Christ your old man made you get them).

Even though we're now older, possibly partnered up, and have visible veins on our legs and hair growing out of our ears, deep down we're all still only a few shades from that insecure little kid.

But here's the important part: that kid in the picture formed a lot of beliefs and assumptions about who you are and what you're capable of.

And the problem is that decades roll by and life gets busy, and if no-one challenges the negative 'scripts' that auto-play in your head whenever you stuff something up or get rejected, those teenage beliefs bed down, compound and become ingrained—they become who you are.

And they slowly but surely eat away at your self-confidence, keeping you locked in a job you've lost interest in, relationships you've outgrown and a financial state that stops you from experiencing life on your terms.

Believe me, as a finance guy, I've seen it thousands of times.

It's like a mate of mine who's an awesome mechanic. I've watched him turn his head to the side and listen as a car pulls up, and casually tell the driver, 'Time to tighten your fan-belt cobber... and get them to change the oil while they're at it'. To me, he's like the Nostradamus of cars. For him, it's nothing special; it's just what he does: after years of doing something day in, day out, patterns emerge that are easy to pick.

It's the same with my job. The best way to get to the guts of someone's financial situation (other than poring over their financials) is to turn my head, and listen intently as they describe their situation.

Patterns always emerge. Here are some of the scripts that may be turning over in your financial fanbelt right now.

Here's you: I'm not that smart with money.

Here's me: No-one is born 'smart with money'. It's a learnt skill—like driving—and it has more to do with your behaviour than your brains. This explains why I know a lot of so-called financial experts who don't have two bob to rub together—and why I also know wealthy people who never finished high school. You don't need to be a financial expert to win with money. It's much more important to start than it is to be smart. And remember: you're in luck—you've got me as your independent tour guide to financial independence.

Here's you: I don't earn enough.

Here's me: It's not about what you earn, but what you save. I've had clients who were cleaners their entire lives, who never earned more than the minimum wage, but used compound interest to build a million-dollar portfolio.

Here's you: I've left it too late...I should have saved more when I was younger.

Here's me: Stop for a second and tell me what age you'll be when you die.

Go on ... answer that.

I'll wait.

Most people don't think about their long-term future, but nearly everyone has a specific age in mind when they'll die.

Next, subtract your current age from that number.

Now you have a ballpark figure for how many years you've got left on the planet.

The question is: What are you going to do with them?

You can continue living in the past, beating yourself up about the money mistakes you made when you were younger, telling yourself you've left it too late... or you can rise up and make yourself proud.

Here's you: The economy sucks.

Here's me: More millionaires were created in the Great Depression than at any other time. Author and physician Peter Diamandis found that in the past century the average lifespan has doubled, while the average income has tripled. Food is 10 times cheaper, electricity is 20 times cheaper, transport is 100 times cheaper and communication is 1000 times cheaper. These are the good old days.

#### Stop with the excuses

These are all excuses. Every single one of them.

You can live the rest of your life with excuses about your lot—most people do—but they sure as hell won't protect you from the financial fire that's eventually going to work its way to you.

There are people who've sat where you are right now—with their self-confidence shot and with very little money or prospects—and they have singlehandedly clawed back control over their money and their life.

And you're going to meet some of them.

In this book, I'm going to introduce you to:

- a working-class couple who were convinced they'd left it too late... and are now on track to retire with a million-dollar nest egg
- a young man who doubled his money ... and built his legacy
- a young woman who clawed her way out from under tens of thousands of dollars in credit card debt... and then helped her mother do the same
- a grief-stricken widow who was left in dire straits...who went on to put all her kids through private school
- a single woman who bought her (capital city, non-dogbox) home all on her very own ... no man was part of her financial plan
- a mother whose husband's parting words were, 'You'll never survive financially without me'... who proved the jerk wrong.

They're people like you—just without the excuses.

The truth hurts, right?

It's kind of like when you see a picture of yourself on Facebook and think, 'Who's that fat bastard?'

When you're a bit flabby, there's no denying it. You know it. Your kids know it. You can't hide it. It's there on display for everybody to see and judge.

But it's the opposite when it comes to money. It's easy to hide your financial flab from the world.

I've found that it's often the most financially flabby people who appear to look the fittest. They can have a McMortgaged McMansion, a leased Lexus and a maxed-out platinum credit card, and you'd never know that behind closed doors they're the financial equivalent of pudgy North Korean dictator Kim Jong-un.

No-one knows that they're walking around with the financial equivalent of cankles.

At least if you've got a muffin top you've got the motivation to buy an Ab King Pro on a late-night infomercial, or sign up for Light n' Easy.

But if you look like you have a financial sixpack, you've got zero motivation to change. And that's why most people never do.

Facing up to the fact that you're not as successful or sorted as you tell yourself you are—or as your family and friends believe you to be—takes guts. It's like standing butt-naked in front of the mirror and looking at your gut. Stripped of your clothes, and excuses, there's no-one to blame but yourself for the situation you're in. You made your decisions. You decided to let yourself cruise.

That's the alpaca kick right there: seeing your situation for what it really is and having the courage to change it.

Success isn't found in the eyes of others: buying things you don't need, with money you don't have, to impress people you won't know in 20 years' time.

True and lasting success is knowing deep in your bones that you have the freedom to tread your own path in life, and the ability to protect those you love.

#### Be financially fireproof

Look, life is busy. Life is a messy bathroom, running late to your kids' footy matches, unpaid overtime, and collapsing at the end of the week on the couch with Indian takeaway and pappadum crumbs on your shirt.

If you try to do a million things, you'll do none.

Yet that's the power of focusing on just one thing—one step—and ticking it off the list.

Let me explain why this works with one last fire analogy.

Our fire plan was simple: on extreme risk days, Liz would pack up our son, leave the farm and head for the city. And on the morning of our fire, I was sitting at my kitchen table at the house, with my CFA-issued volunteer pager next to me.

It hadn't gone off... yet.

However, the smoke was starting to surround me, so I decided to drive to my neighbours', who live on a ridge, to get a better view of what the hell was going on.

I rounded up the dogs and put them in the back of the old farm ute, turned on the tranny, and got halfway down the driveway when the ABC Radio announcer said of my area, It is too late to leave. You must take shelter now to protect yourself.

Bugger.

When you're in the thick of a bushfire, it's too late to start thinking about what to do. You just need to be executing your plan like a patriotic North Korean soldier.

Here's how the CFA explains it:

A Bushfire Can Be a Terrifying Situation

Strong gusty winds, intense heat and flames will make you tired quickly. Thick heavy smoke will sting your eyes and choke your lungs. It will be difficult to see and breathe.

The roaring sound of the fire approaching could be frightening. Embers will rain down, causing spot fires around you. Power and water may be cut off. You may be isolated, and it will be dark, noisy and extremely demanding both mentally and physically.

This is not the time to be making major decisions.

Preparing your fire plan allows you to make major decisions in advance, and will help keep you focused and make better decisions in the event of a threat.

And you know what?

The same rules apply when it comes to facing your financial fire: when you lose your job, or lose your partner or retire—it's too late to be making major decisions.

This book will make you financially fireproof—you will be totally prepared. You'll have made your major decisions in advance. You'll have everything on autopilot. You won't need to panic. You won't second-guess yourself. You'll know exactly what to do.

And the result is that you'll be able to say, 'I've got this'.

#### The secret is...

At this point, after all the talk of alpacas, sheep and farms, you may be forgiven for thinking you've picked up a country and western novel. My editor had similar concerns: 'Scott, I'd like to see more sunshine and positivity...and less fire, devastation and dead animals'.

Okay, so this is not your typical finance book.

Hell knows my publisher would have liked me to be a bit more 'self-helpy'. You see, one of the bestselling books of the past decade was *The Secret*. The guts of its message was that to achieve success all you need to do is picture something in your mind, and you'll achieve it.

Well, let's all get out a guitar, sit in a circle, hold hands and start strumming.

This book—and the solid-as-a-rock steps it gives you—is built on values that have stood the test of time. I learned a lot about life and money from my grandparents—they were part of the so-called Silent Generation who lived (and thrived) through the not-so-Great Depression.

What did that mean in a practical sense?

Well, they paid their bills on time ... with cash.

They saved their money...rather than relying on credit cards.

They didn't expect handouts... being on the dole was something to be ashamed of.

They lived in modest homes—not McMansions—and they celebrated when they paid them off.

And they created a real legacy, which—ultimately—is what this book is all about.

#### **Introducing the Barefoot Steps**

Some finance books are wishy-washy on what you should do. They say things like, 'Write down your dreams'.

Others are written by weirdos who have colour-coded spreadsheets for their undies drawer and whose idea of a holiday is the Bendigo caravan park (communal toilet option). They give you a laundry list of things you should be doing, culminating with:

'You need to follow a strict written budget every single day.'

The truth?

I've never been able to stick to something as rigid as a budget, and I don't expect you to either.

For most people, budgets don't work. They're like surviving on a grapefruit diet.

Budgets set you up to fail. You feel like a loser with no willpower.

You're not. You are normal.

Here's the deal: the Barefoot Steps are not a cute way to organise a book.

They are nine specific steps that you complete in order, one by one.

The power of the Barefoot Steps is that they focus on you doing just one thing at a time.

You won't get overwhelmed.

You and I are going to plant your wealth tree, and get it growing.