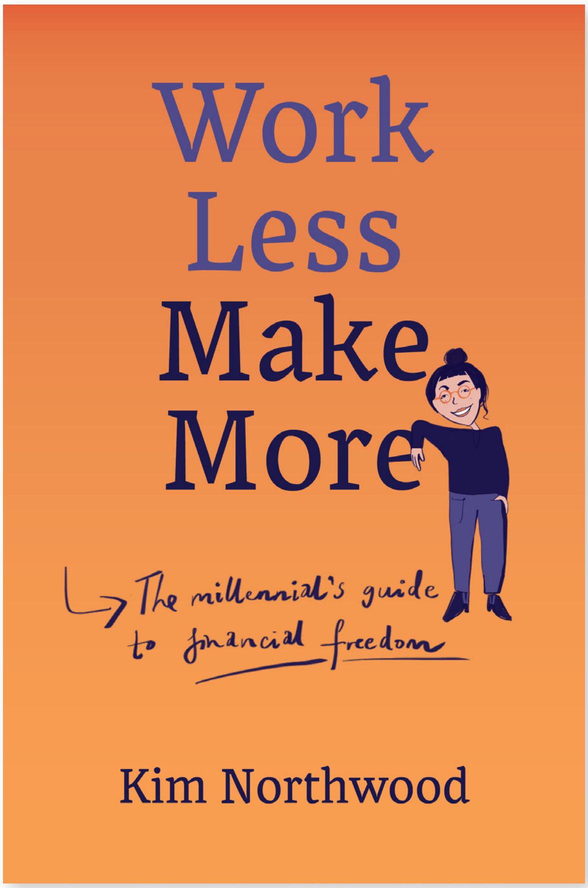
Work Less Make More

The millennial's guide to financial freedom

Kim Northwood



Work Less, Make More: The Millennial's Guide to Financial Freedom is about the golden rule of personal finance…

If you don't manage your money, someone else will!

This book aims to inspire you to take control of your personal finances. We've been sold a lie about having to hustle harder than everyone else to get ahead. The truth is, personal finance is not about how much you earn – it's about how much you convert to wealth.

The book focuses on using money to its full potential – from home ownership strategies, insurances, and super, to modern investing tactics. By avoiding simple mistakes, readers can provide themselves with financial security and the confidence to make their own financial decisions.

Following two millennials, Penny and Shriram, the book shows how simple decisions can make an enormous difference to your wealth.

In the current social and economic climate, it is more important than ever to use knowledge to build financial security.

This is your guide to financial freedom.

The Author

Kim Northwood has used the advice in this book to secure his finances and is now in a position whereby his passive wealth-building outstrips his salary. He is a long-term investor and serial entrepreneur, and currently a director in one of Australia's largest importers and distributors of non-alcoholic beer. He has run economic development programs in Afghanistan and Papua New Guinea and was formerly an adviser to Australia's Trade and Investment Minister.

He is deeply concerned about the risk of financial insecurity for the millennial generation, given wild housing costs, the cost of living and the disparity in superannuation between men and women. Frustrated by the way we endlessly chase more income without understanding personal finance, he demonstrates how very simple steps can make a lifetime of difference.

In *Work Less, Make More*, Kim Northwood shows how you can take control of your finances, so that someone else does not.

Published by **Melbourne Books**
www.melbournebooks.com.au
B+ 139x210mm 248 pages
Colour illustrations throughout

RRP: AUD$32.99 ISBN: 9781922779021
For all media and interview enquiries, including review copies, contact *publicity@melbournebooks.com.au*.
Tel: (+61 3) 9662 2051

On women's financial independence

… Women's poverty in retirement is a growing crisis in Australia, with housing insecurity and financial stress significantly adding to the stresses of later life.

According to the 2021 HILDA survey, 35 percent of single women over sixty-five lived in permanent income poverty; the highest of any group. This compares to around 11 percent of the total population. Many of these women held long-term careers and a full working life, and yet somehow ended up with little financial security as they reached their retirement years.

Actively managing your own finances is not about fighting over money. It's not even about challenging traditional gender roles (although you can do that, too). It's just about giving yourself a sense of control and security that will make you more independent and more prepared for a rainy day. With some careful early planning, and by acquiring some basic knowledge, you give yourself comfort that you will be able to look after yourself in the future.

On high-interest loans

Credit card providers make their money from charging you interest, collecting fees from you and from businesses that take their cards as payment. They rely on you not paying the credit back within the prescribed time, which is why they attract as many people as they can with points and other enticements.

There are currently around 16 million credit cards on issue in Australia. In September 2022, the total value of credit and charge card balances accruing interest is $17.7 billion. We are getting trashed by our credit cards.

Which debt do I pay down first?

To guide your approach to debt, you need to ask where your money can get its best return. Credit cards and personal loans will almost always cost you more in interest repayments than you could otherwise get in returns through your own investing. Therefore, pay down those high-interest debts first, even if there is only a small amount in there. Overall, they will be more costly to you than lower interest loans.

On investing

Investing has real-life consequences. This stops so many of us from ever getting involved, but it also stops so many of us from enjoying the benefits of investing. You just have to take the leap of courage and boldly take your seat at the investing table. It really is up to you. What's more, the barriers to entry are so much lower than they were for previous generations. With the touch of a phone, you can own a piece of just about any major company in the world. This gives the millennial generation a distinct advantage over earlier generations in being able to invest and grow wealth.

Start with a small portion of your income and invest in a balanced fund or an ETF that tracks a broad-based index. Over time, as you start to get comfortable, you can add more. In all likelihood, as you see the returns on your investing, the more you will want to invest, and the quicker you will boost your total savings rate.

Saving for a house

Should you be investing while saving for a house?

What if the market crashes and your savings are evaporated, destroying your house deposit? Well, the answer of course depends on your timeframe. If you are looking to use your money within the next year for a house deposit, you might choose not to invest anything in a fund, given the likely small returns over a year compared to the risk. If your timeframe is five to ten years, you have longer to ride out ups and downs, and it might be a good idea to invest in a fund to make sure your savings keep pace with house price growth.

The point is to ensure that some of your money is keeping up with price increases, so that the value of your additional savings is not wiped out by increases in house prices and inflation.

My question is – what is riskier? A lot of people think jumping into the share market is risky business, but there is also the risk of missing out on growing your savings while house prices continue to grow. To me it is riskier *not* to be a part of the investing world than it is to be a part of it.

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Part 1 /

Chapter 1 /
The Hazards of Hustle Culture

You've been sold a lie about hard work

Chapter 3 /
Women, Take Control

Your money, your independence

Chapter 6 /
Millionaires Don't Buy Expensive Cars

Know the true cost of what you purchase

Illustrations: Kirsten Moegerlein (kirstenmoegerlein.com)

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