

Summary - Building Wealth Story by Story

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Introduction

I have always believed that the best source of information on property investment is other property investors. Following the publication of my earlier books, I was inundated with letters, phone calls and taps on the shoulder, from people who had more questions to ask or stories to tell about their own experiences with property.

I started to think that collating these stories into another book would provide a wonderful opportunity for property investors to learn even more from others.

It is a pity that our education system does not teach people how to manage their financial affairs. The emphasis is on learning skills to earn money, not on money-management skills which can lead to long-term financial security. Consequently, when people decide to invest in property they find they sadly lack knowledge of the financial aspects of property.

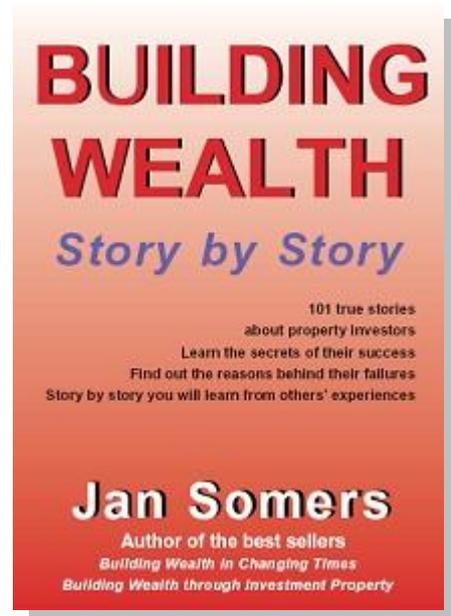
So who do you turn to for help? If we turn to the financial advisory industry for information, we often find they give scant attention to direct investment in residential property as their advice is usually structured around managed products.

Who else is there? Bankers? Accountants? Solicitors? As I have said previously in *Building Wealth through Investment Property*:

You can't rely solely on the advice of the bank manager who just handles the money, nor the accountant who does the sums and keeps score, nor the solicitor who ensures you keep to the rules. You should be seeking the advice of experienced, successful property investors.

With this in mind, I decided to compile a book of stories and began to make notes on scraps of paper which I filed in my bottom draw. By 1997, the drawer was overflowing with bits and pieces of hand-written notes and I found that I had so many great stories to choose from that it was a far more difficult task than I had ever imagined.

Instead of sitting down to write, I spent much of the time cutting and culling to select those stories that I thought would have the greatest impact and provide readers with the best possible material from which they could learn. The result was this book, *Building Wealth Story by Story*, which is a collection of stories about the personal experiences of more than one hundred property investors.



Some of the stories will warm your heart. They are about ordinary people doing unordinary things to achieve a goal of financial independence. In contrast, other stories may make you squirm, but I feel they were equally important so that readers might learn from other people's mistakes.

You can read this book from "go to woe", or simply open it up and read any section or story that takes your fancy. But no matter how you read it, I know that story by story you will learn from the myriad of experiences of other people.

I don't think any of the stories in the book has portrayed a situation where someone has done everything right. In fact, I know that many of the people whose stories I have used felt they could have achieved more, or achieved it sooner, had they learned the basic principles of wealth building much earlier in their lives.

What *are* these wealth building principles? The property investment strategy that I espoused in my earlier books was very simple, and is exactly the same today as it was then and will be in the future. It is:

- Buy income-producing residential investment property that is appropriately financed to achieve maximum tax benefits while you are still working.
- As property values, rents and wages increase with time, continue to purchase property by refinancing so that your liabilities (your borrowings or debt) increase with your assets.
- At retirement, reduce your liabilities by selling a property or two, or by gradually winding down your loans. This ultimately should provide you with a retirement package of residential properties that should continue to grow in value and produce a regular indexed income.

While many of the stories that follow suggest that successful people have mirrored this strategy, many have discovered and skilfully used the principles long before I ever put pen to paper and long before we ever bought our first property. Like me, they also never learned about property investment as part of their formal education but discovered the principles from yet other property investors, through personal experience, or from books.

My wish in presenting this book is that in reading it, you will identify with those people who have been successful and learn from them. But I also hope you will learn from those who haven't, by understanding the reasons why.

I thank the hundreds of people who generously donated their time in sharing their stories with me and apologise to those whose stories have not been included for lack of space. To protect the identities of those people who have contributed, the names, occupations and locations have in some cases been changed.