

Book Reviews by Ian Robertson



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Title: *Money Rules: Rule Your Money, Or Your Money Will Rule You*
Author: Gail Vaz-Oxlade
First Edition: HarperCollins (2012)
Reviewed: May 2013



“Rule your money, or your money will rule you.”

The facts of good money management don't change for different groups of people; sound principles for one are sound principles for all. Further, we all succumb in one way or another to poor financial habits and decisions – and as unique as we each believe ourselves to be, there's a burgeoning field of academic study called 'behavioural finance' that shows we really have a lot more in common than we think. The earlier we identify our foibles and manage our finances effectively, the better our chances of realizing our goals. It's no wonder that whole sections of bookstores are filled with financial self-help books, with many aimed at a particular audience (eg. retirees, soon-to-be retired, parents, grandparents, divorced, married, kids), or focussed on a particular niche subject (eg. RRSPs, RESPs, TFSAs, the Smith Manoeuvre, mutual funds, tax planning).

Rating:



Out of 5 Stars

While noted Canadian financial journalist, TV host, and author Gail Vaz-Oxlade's previous efforts have been more narrowly focussed, her latest, *Money Rules: Rule Your Money, Or Your Money Will Rule You*, is aimed at a general audience. In fact, it hits its mark so well that most of the niche-targeted books listed above could be removed from the shelves and replaced by this outstanding work.

Like the best coaches in sport, Vaz-Oxlade communicates the information clearly, gives an action plan, and then prods and cajoles readers to execute. If you are high school age or older, this book is for you. In fact, if you are within a couple of years either side of high school graduation, this is definitely the book for you.

Vaz-Oxlade covers the gamut: student loans, budgeting, renting versus buying, mortgage payments, mortgage insurance, holding your mortgage inside your RRSP, credit ratings, credit card charges, credit insurance, good debt and bad debt, giving your adult children money (don't), pooled RESPs (again, don't), RRSPs, RRSP beneficiaries, how to find a financial advisor, how to invest on your own, term versus permanent insurance, and even how to shop in a supermarket so you stay on budget.

The paperback edition is over 500 pages, but each topic is seldom more than a few pages. Further, the topics are not organised in a linear fashion so the book can be read for just a few minutes from any starting point - an excellent way to ensure that readers with short attention spans stay engaged.

In addition to being comprehensive and delivered in bite-sized pieces, Vaz-Oxlade writes in a very straightforward and casual manner. She avoids industry jargon, explains complex issues in simple terms, and most importantly comes across as unbiased. Nothing detracts more from advice than self-serving perspectives or comments; financial advisors dismissing DIY investors; former bankers praising the beneficence of banks; or insurance agents promoting insurance products at the expense of other investment options.

Vaz-Oxlade is the direct opposite of these skills. She is merciless in exposing the financial industry's duplicity. Four examples highlight her tell-it-like-it-is approach:

1. Consumer credit ratings are not calculated how you think (borrowers get a higher score by maximizing credit and paying the minimum balance, rather than by limiting credit and paying it in full each month);
2. Bank mortgage insurance is a rip-off (as a high fixed charge on a declining debt, the mortgage balance gets smaller each month);
3. Teaser rates on credit cards and buy-now-pay-later store offers are lousy bets (card companies/stores get you hooked and hope you forget to pay, thereby incurring a huge penalty);
4. High and inflexible merchant charges are embedded in the credit card system (cardholders get 1% back in rewards but pay 2% more at the till).

Readers beware, she will be merciless on you, too, if you have bad financial habits and refuse to acknowledge and change them. Her advice in Rule #2 – if you are married to an irresponsible spendthrift – is as follows: “If the person you love isn't prepared to change from money moron to something more acceptable, then they don't love you as much as they say they do. Cut your losses and move on. If you're already married to a money moron, see Rule #138: Protect Yourself from a Money Moron.” Tough love, indeed.

Vaz-Oxlade misses the mark on a few of her 261 Rules (for example, she omits any mention of government guarantees for credit union GICs, listing only the banking system's guarantees), but aside from this minor quibble, she has delivered an impressive work. Poor financial decisions early in life compound, making it harder for belated corrective actions to have an impact. The earlier in life this book is read, the better. A comprehensive, easily readable, call-to-action.