

Work to Wealth

Work because you
want to and do more
with your income



Andrew Goodwin

If you want to have more money, more choice and more freedom in your life, now and in the future, you need to rethink why you work, and how to make the most of it.

This book will change the way you think about work, lifestyle and money. *Work to Wealth* provides practical guidance on how to evaluate your work situation, avoid the ‘working trap’ and invest your income to generate wealth.

Understand how to:

- Look forward to a day’s work and make money that works hard for you and your future
- Change your mindset about earnings, and how to maximise them
- Invest your income wisely by applying the principle of asset accumulation
- Build a passive income and become – and stay – wealthy
- Develop a long-term relationship with an independent financial adviser who can guide you to a happy retirement



Andrew Goodwin is the managing director and co-founder of Truly Independent Ltd, an industry-recognised, multi-million-pound firm of independent financial advisers distributed across the UK. He is also the author of *The Happy Financial Adviser*. Find out more at www.trulyconnect.co.uk

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Praise

‘Being truly independent is a goal many people have for themselves. It implies being financially free from a job, ambivalent to economic swings and unafraid of life’s twists and turns. It’s a mindset as much as a financial benchmark. In this book, Andrew shares his experience and wisdom from many years working with people to achieve this level of independence and his own experiences. Making the right decisions as early as possible is incredibly important. He shares the tactical ideas and the broader mindset required to stay on the path towards the day that you are truly independent.’

— **Daniel Priestley**, entrepreneur and author
of *How to Raise Entrepreneurial Kids*

‘This book has reinforced my knowledge and outlook while providing me with new information and unique viewpoints. Resonate is an excellent word to describe my personal attitude towards this book and its content. The message is well constructed and is fluent. Further, it feels to be conveyed with more sincerity than other books that I have read, and not exaggerated or sounding salesman-like. It realistically portrays how attainable wealth creation truly is, as it is broken down and elaborated on thoroughly.’

— **Connor Turner**, apprentice compliance officer, Truly Independent Ltd

‘A very inspiring read – every young person should read this and incorporate the lessons taught in this book into their lives from as early on as possible. Andrew talks about the power of asset accumulation and passive income in a jargon-free way using examples which we can all relate to, helping to further educate the younger generation about money and the importance of managing it correctly from day one. I would highly recommend this book to all who wish to leave the working trap and reach financial independence.’

— **Ewa Breska**, mortgage adviser and influencer

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R^ethink

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*For school sixth-formers, college students, apprentices,
undergraduates, postgraduates and all young adults
trying to find their way.*

*For anyone who wants a better life for themselves and
is willing to change.*

*For everyone, out of work, in work, who has to work
or who wants to work.*

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Foreword

In this important book Andrew conveys some key aspects to living life to the full, typifying his own approach to life.

Social mobility is defined as being 'better off than your parents', but many people these days simply aren't, even though the UK is the fifth or sixth richest, and arguably the best, place to live in the world. Social mobility is the key to mankind's progress and happiness, yet for the last few years has gone into reverse. There is a disjoint between our youngsters, and their ability to thrive in the world of work.

On a day-to-day basis my organisations deal primarily with trying to bring about social mobility. Businesses are the key to this, not just educational establishments.

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We do not have quotas to include (and therefore exclude) certain types of people; we are truly inclusive and intentionally blind to lots of items mentioned by elitists as necessary. By following inclusive guidelines, we also have one of the most diverse businesses in the UK.

The Social Mobility Pledge signed by nearly 1,000 major businesses and education organisations specifies three broad requirements: name-blind contextual recruitment, so that you don't exclude based on biases or external quotas; in-house apprenticeships and placements; and a link to a school or schools so pupils can see what the world of work is really like.¹ This creates a pathway between education and work. What is necessary is giving people a chance, even a second or third chance, recruiting the best you can based on attitude and then ability (not a common or garden degree on a vague subject), and continuing to offer training for the rest of their employment, constantly. And have fun and make money.

Education is of course important but, without the ability to get into work, is largely wasted. We have become distracted and have forgotten that without a job, there is no money, there is only debt; and to become wealthy you need to control debt and put it in its right place – a means to gain long-term assets, not a means to pay for a holiday – early. To do any of that you need to get a job.

I was lucky (and still am): when I grew up there were lots of jobs. None were sold as being glamorous, but all of them, as now, prepare you for life by mixing you with working adults, who will hopefully keep you right. The rest is up to you. When you get paid, you stand up straight and your hand goes out to pay, to give, not to just receive.

So, I would urge you to immediately buck the trend; be bold, don't follow the rest, get making money and use your imagination in becoming wealthy. It is a strange thing when people say money doesn't bring you happiness. Only those with money could say that, so how would the rest know? Of course, money won't buy you happiness, but living without money certainly doesn't bring anything but misery.

As Goethe allegedly once said: 'Whatever you can do, or dream you can, begin it/Boldness has genius, power and magic within it.'²

Read this book, follow it, be bold.

David Harrison

founder of the Harrison Foundation

Preface

‘Opportunity is missed by most people because it is dressed in overalls and looks like work.’

– Thomas Edison³

If you compare yourself to those ostensibly wealthier than you, you may never truly achieve. If you compare yourself to those ostensibly poorer than you, you may never truly progress. Comparison will keep you within these boundaries, in walled frustration.

We live in a society where everything and everyone is compared. We are politically, economically and morally urged in the direction of fairness for all. We are encouraged to be impartial and to behave without favouritism or discrimination. Everything we do

must be seen to be for the benefit of others and not just ourselves.

I understand this thinking that includes everyone and benefits all equally, but there is a problem. While such socialist ideals appear logical and fair, in reality they don't actually succeed. Socialism will always malfunction when following an equalising strategy rather than encouraging individuals to succeed in their own right. Trying to equalise is the Robin Hood, fast-track route to achieving only temporary adjustment, driven by observations of unfairness and inequality: temporary because it is fragile by design and only succeeds to patch society's problems merely as appeasement for the poor.

Successful people breed success and the most successful almost always give back, either directly through philanthropic engagement or indirectly through job creation. Socialism follows capitalism and not the other way around. A more equal and fair society can only be built following the drive and ambition of others who are encouraged to search for more, create more and improve more. They generate the wealth that socialism relies upon.

That said, capitalism can falter too, especially when the successful neglect the people that helped them achieve in the first place. I am a firm believer in capitalism, but I recognise that its far reaches can leave

others behind and stretch financial fairness to the elastic limits of excess and greed.

I would describe myself as a 'caring, compassionate capitalist'. I want to guide young people away from fast routes to adulthood and their struggle to be seen or heard in the distorted expectations of the social media society. Young people have lost the necessary, steady bridges to maturity and appear to have lost their sense of real life itself.

It is important to encourage individuals to be successful and release their entrepreneurial flair while inculcating a culture of responsibility and the importance of working partnerships and individual cooperation on the journey. We actually need each other and when we recognise leaders, then we must support them. As leaders we equally must recognise the workers and support them too.

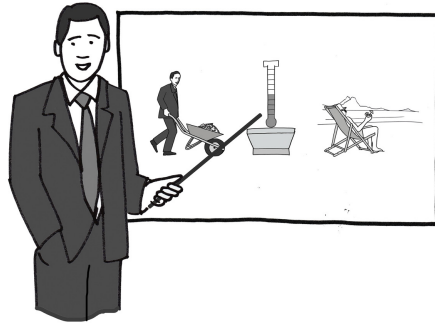
We are all together but there must be space for individuals to pursue their own dreams: to define wealth by their own definitions and satisfy their own desires, protected from opinion and negativity. We all have to work for someone, so work because you want to and not because you have to. Make work the provider of your wealth.

If young individuals want to be wealthy enough not to rely on having to work for a living, then the way they think about work and money has to change. In

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particular, what they do with their working income has to change.

The success of this shift simplifies down to a deliberate change in mindset, from the false world of social media back into the real world of work.



Introduction

Imagine that the seat you sit on at work might one day have an envelope taped to the underside, in which will be a cheque payable to you for £1,000,000. If this were true you would check the underside of that seat every day.

You would not miss a day at work, just to make sure you could check the underside of that seat. As each day passed, you might feel there was more chance of the envelope being there tomorrow, than today. Eventually, if you had not found it yet and equally had not missed a day at work, you would find the envelope on your last day at work before retiring; what a day!

In reality, this is not imagination. People work all their lives until they have accumulated enough (often in a pension pot) to retire. What they don't realise is that the money has been there all the time, they just do not yet know it or appreciate it. The median take-home pay in the UK adds up to over £1.2 million over a forty-year working life.⁴ So it is there but it is drip-fed to you in small chunks and disguised by false ideas of how work is portrayed and wrapped in your misunderstanding of money.

Underpinned by the story of my personal journey from work to wealth, the contents of this book will change the way you think about money and what going to work is really about. Armed with this information you will be on your way to being that wealthy person you would rather be.

The title of this book, *Work to Wealth*, is my attempt to join two stereotypical classes to an evident and achievable connection. A person's wealth comes from a background of work; but few who work become wealthy, because they don't know how.

My underlying message is to forget political promises, the inaccurate tales on social media, lessons delivered by your parents, the lure of lucky windfalls, the mystique and the jargon about money and to simplify it all into one single function: take control of your own destiny and set about accumulating your own wealth and social mobility. By far the most confident and best

route to wealth is to work so you can collect money; like a collector of stamps or beer mats, your job is to collect money and to invest it wisely.

Throughout the book I will explain the barriers to wealth that begin at home, develop at school and grow through adult life. These barriers are invisible and knowing them, expecting them, means you can overcome them. Everyone wants to be wealthy, but they also want it quickly and when wealth does not arrive, they give up. Their dreams turn to hope, hope turns to disappointment, disappointment turns to regret, regret turns to surrender and surrender manifests in blame. When you hear someone placing blame, they have given up!

The problem

Young people are first exposed to their parents' approach to finances. School's ideas soon follow, and maybe further education enhances opinion a little more. Then the exposure to social media messages takes over. Most media financial messages are predictable: based on an individual's economic security and sketched from a government's political strategy. These financial lessons change little from the old economics principles of 'a good education leads to a good job'. If you get an excellent job with a good income, our educators tell us that you will be secure for life. Your bank will provide a mortgage to fund your first

real investment, a home. Finally, after years of working where you may have experienced and enjoyed the spoils of promotion, you will retire on a solid pension. And be thankful for it! In between, you continue to work, earn, raise a family and accept the weekends and holidays as your reward time, for play.

People do not understand that working for an income is trading time for money, and this message is still not getting through. They continue to work for a living because they have to.

Over 32 million people are working in the UK today.⁵ The actual odds of these 32 million individuals becoming rich, wealthy or millionaires depend on many things such as age, education, race and background. However, Wikipedia reports that only 8.4% of the adult population in North America are millionaires.⁶ In comparison, less than 2.7% are millionaires in Europe, including the UK. Behind these figures is the sad fact that, of the 32 million current workers in the UK alone, 31.1 million may never be wealthy, because they just don't know how or what to do to improve their chances.

The solution

Put simply, do more with your income. Invest it and go back to work to get some more. Work is where the

money is. Working for money to invest is a reason to work, a habit, or perhaps a good kind of addiction.

This book aims to help and persuade the reader that accumulating assets is the key to wealth. Working for a living is exchanging time for money. When time runs out, so does the ability to earn money. Working people must stop spending their hard-earned income and start investing to accumulate assets. The assets you accumulate, in turn, need to produce income. Investing your hard-working income should begin as early as possible; accumulating assets takes time and management. Be prepared to give something up, to make space for a better way of living.

It is passive income that determines your wealthiness, and not capital. A million units of money do not necessarily provide a high (or even any) revenue. I will introduce and focus on four main asset groups: investments, property, and business – each of which produce a passive income. The fourth asset group is you. If managed well, these four assets can all work to bring you wealth, essentially, all at the same time.

Committing to change, taking financial advice, appointing mentors and professional managers are sure ways of transferring your work into wealth. You can achieve wealth from the meekest of financial standings.

Who should read this book?

While this book is for everyone, I'd like young people to read it because they often have a skewed perception of work and earnings, particularly school sixth-formers and college students since the earlier they learn about money, the better advantage they can take of the opportunities available to them.

Only the top 1% of all adults earn more than £120,000 per annum.⁷ Young people believe it is more like 10%. They can be further surprised to learn that the remaining 99% earn an average of around £30,000.⁸ This perception is distorted by possessions and perceived lifestyles. When young people see images of someone driving an expensive car or standing next to a five-bedroom house or sunbathing on a luxury yacht, they don't see that the earnings required to sustain this lifestyle are above £250,000 per year. In fact, only the top 0.5% receive this level of income.⁹

We are taught to gain qualifications that will lead us to employment. In turn, this employment will provide an enjoyable life followed by a satisfying retirement, we hope: the higher the qualification, the better the career and the earlier we may be able to afford to retire. While this principle may be true, we are taught nothing about money, mortgages or alternative ways of living. This book is aimed at everyone since everyone can save, invest and accumulate assets. Everyone

can have an independent financial adviser too and everyone should do.

Why I'm writing this book

Drawing on my time working in the financial industry, years of study and culminating in having built a multi-million-pound business, I aim to share my knowledge with the reader.

I have an honours degree in Actuarial Mathematics and Statistics and have worked in financial services for more than twenty-five years, gaining valuable experience on how financial advice is distributed across the UK. I have seen changing business models and changing technology and survived downturns when many others have failed.

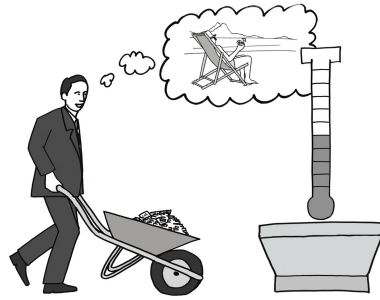
The knowledge and experience I have gained have allowed me to write an Amazon #1 bestseller, *The Happy Financial Adviser*.¹⁰ In 2010 I set up my own firm called Truly Independent Ltd, providing independent financial advice across the UK, which now has UK-wide distribution and is well known in the industry. Separately, the actions I have taken with my personal income have made me wealthy, not just the actions taken to grow the company.

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If you know how working can help you to achieve your dreams, even from the lowest of beginnings, you will view work differently because that is where your wealth starts.

This book will teach the reader how to achieve wealth by explaining the issues we face every day and providing a route to solve these problems. Those who follow this route with hard work, effort and energy will achieve their dreams.

I have assetised my income; why don't you?



PART ONE

WORK

It is generally accepted that you have to work for a living unless you are one of the fortunate, wealthy few.

Unless you are born into wealth, inherit wealth or have a significant win on the lottery, the only means to accumulate wealth is through your ability to work. Part One of this book is all about refining your reason for working. You need to sharpen your skills for more substantial results and a better working experience. Working alone won't make you wealthy; also, and quite separately, you must work at becoming wealthy.

To achieve wealth, you first need to spend time understanding what work should really be about. This book's title (*Work to Wealth*) is a reminder that you go to work because you want to be wealthy and not just because you have to work to pay the bills. This is the mindset needed for anyone who wants to be wealthy

(or wealthier than you are). If you are working and nowhere near being wealthy, the title reminds you to do something different. You need to start to make changes to your working habits, knowledge, skills and influence. And to make changes in the way you treat the income that you generate from your hard work.

Work is both a noun and a verb. It is a place of work and an activity at work. I recall a message I heard many years ago: 'If you're going to work, go to work; otherwise, don't go'. I work all the time, though rarely at work. I think, breathe and plan work and am never out of work, always thinking about work. When I am at work, I am usually putting my work into action, working.

Part One will consider the true value of work relative to income and show how these words come together to forge a new way of thinking about money for a better financial outcome. Finally, I will introduce you to income-producing assets (in Chapter 4) and to 'assetising' your income (in Chapter 3 and extensively after that).

You will need to open your mind to all financial opportunities and be prepared to change. But the good news is, there is no big secret to wealth, though commitment is necessary. In this book I describe moments when I experienced an epiphany and those who (like me) have grasped these moments and used them, have changed their lives.

Work because you want to, not because you have to

Stripping everything back to the basic principles, I first want to give you a gift: a better reason to work. By creating simple and achievable financial goals, you will leap out of bed in the morning eager to earn. Those who hate work need alternative reasons to work and to know what they should be doing with their hard-earned income.

Those who enjoy working and being at work may have somewhere lost the drive to move out of this comfort zone. You need to use the fact you like work as a springboard to a better working experience, one that edges you closer to wealth.

Do more with your income

Those who spend their savings will eventually run out of money, unless those savings are significant. Income is what you want, not capital. Investopedia defines income as ‘money that a person or a business receives in return for working, providing a product or service, or investing capital’.¹¹

We all need a basic income to survive. Without pay we will achieve little and struggle to buy living essentials. Income is vital. It’s what you do with it that matters and the wealthy know this; by studying this book, so will you.

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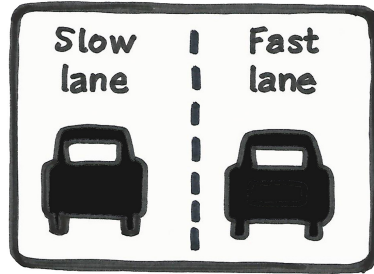
You can earn income from working or receive income from assets. Investopedia describe an ‘asset’ as ‘a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide a future benefit’. It says ‘an asset can be thought of as something that, in the future, can generate cash flow’.¹²

Understand assets and you are on your way to your first epiphany moment.

Mobilise your way to wealth

The purpose of this Part of the book is to focus on the idea of working to acquire assets and not because you have to. These assets can provide you with a passive income so you don’t have to keep working. As well as assets and how to monetise them, I will also discuss the power of savings and introduce the double your saving principle – simply, doubling something results in something bigger, so if you want twice the omelette, you need twice the eggs.

This will mean changing your mindset away from working just to earn income to live on. You will need to change how you view your income and be prepared to do more with it. The terminology I use will become natural to you by the end of this book, to the point, I hope, where you can articulate these ideas to your friends and family.



1

The Route To Wealth Starts With Work

With some research on the internet it doesn't take long to discover there is a savings crisis in the UK. In 2014 HSBC reported that 44% of the population had less than £2,000 in savings.¹³ By 2016 The Money Advice Service said this had dropped to £100.¹⁴ The same searches today find similar results. Nearly half of the population has 'at best' no more than a single month's income in savings. This is all down to the way we live and treat work. Changing this outcome is less of a challenge than you might first think.

If an individual has little or no savings, then what should they do to improve their situation?

First, they need a reason to change followed by an achievable target and the commitment to achieving

WORK TO WEALTH

that target. If you want to make a difference to your life and achieve your dreams, then there has to be a shift in how you think about work and income.

The dreams I hear people talk about are primarily modest and therefore reasonably achievable. They include:

- To own your home outright without a mortgage
- To drive a luxury car
- To run your own business
- To work in a job you love
- To travel the world
- To simply do nothing at all

There are plenty of similar examples and thoughts from the population dreaming of a better way to live. These people are frustrated with the daily churn and feel trapped in their work, a way of life not of their choosing. The answer is actually in work but let us start by looking at mindsets to avoid.

Sheer hope

Truthfully, almost everyone who struggles dreams of being financially free to choose an alternative lifestyle. It is the reason why the UK National Lottery does so well. Lottoland.co.uk report on their website that ‘a

staggering 70% of the UK's over-18s take part in the national lottery on a regular basis, which is close to 45 million people'.¹⁵ It states that at least 50% of the population play the lottery once a month, on average buying a minimum of three tickets each week.

Considering the facts, it could be argued that the 44% of the population who have less than £2,000 are among the same 50% who buy three lottery tickets each week. Although the lottery is just a bit of fun for some, for many a lottery win is their hoped-for saviour. They feel the potential million-pound win is worth the small sacrifice of their time and money, despite the chances of winning being a staggering 14 million to 1. It's not much different in America either, with 57%, nearly 181 million people, buying at least one lottery ticket each year. Their hope of achieving their dreams through the lottery is nothing short of delusional and a terrible plan. What is impressive is their diligence in making regular time to buy that lottery ticket, addictively if you like; as if the week they do not buy one will be the week they would have won. Having started, they cannot now stop. Stopping would be sacrilege. If only they could redirect that same lottery time and diligence towards a more likely return on their time and outlay: something that provides a much better payoff, something more dependable than sheer hope.

Scratch-cards are equally overbought. Around 25% of Brits buy a scratch-card every month. What is astonishing is that 55–65-year-olds are more likely to buy

a scratch-card than any other age group. Is it because they have more money to spend on a bit of fun or because they feel it's their last hope at that age? I will let you ponder that conundrum; however, if you are over 65 and retired, you are the least likely to buy a lottery ticket!

The problem develops further in the children. The allure of *things* is strong, so they spend money rather than saving it. This issue is not helped by the fact that there is less and less 'cash' in the system, and seemingly no desire for it. Fewer people carry cash than ever before but they have a seemingly endless supply with a touch of plastic. Bleep! Bleep! And the item is bought.

How can we teach our children the actual value of money once it is all virtual? The answer is to teach children about future value and self-responsibility. Every adult knows they need money of some kind to live, and that this is primarily earned through work. The knowledge behind this thinking is limited. Why not avoid sheer hope and use your working time to your advantage, building a life you really want and desire rather than trying to win it?

The minimum age to buy a lottery ticket in the UK has risen from 16 to 18 years old. The authorities finally realise how early indulgence in chance sends a damaging message to our youth. We should be more positive about the wonderful experiences and benefits

and certainties of a working life, rather than the lottery life of sheer hope.

Starting work in hope

When you arrive at working age, say 16, and start the next phase of your life with a basic education and no money or skills, you can feel totally lost, forgotten and destitute. You could also feel this way after you have completed higher education. At age 21, even with your degree certificate in your hand, you will struggle to get that first job. I have felt this struggle.

Sadly, nearly one-third of the UK working population say they do not enjoy their jobs.¹⁶ You might not work if you didn't need the money but you do need it, so you work, perhaps reluctantly. Annoyingly, there is no other choice. None of the 'get rich quick' ideas have paid off. The horse you were told about fell at the last fence; the pyramid scheme never got off the ground for you; the lottery has failed you too, delivering nothing but a £10 note. There is no inheritance due, certainly not just yet, and there is no sign of any sudden windfall. You only have you, and you have no choice but to work.

You have the desire to improve your circumstances, progress and move up the social ladder. What you need is a job. A good job. With prospects. This job will solve your problems and provide you with the freedom you deserve. If you have debts (a student

loan, perhaps), you need to sort them out. Your future depends on that job. Right?

Social media – the teenager trap

This is a relatively new phenomenon. Teenagers and young adults spend so much time on social media platforms that it is challenging for them to see the truth. Most can decipher the chaff from the chaff, but some cannot. For many, their looks are more influenced by social media than other media or traditional advertising. Products are promoted to follow the current body image trends: a particular body-shape, say. Product providers use freely available data to catch the trends affecting behaviour. Some would say promotion shades into propaganda.

Celebrities start this interest. Their open availability to everyone who has a smartphone is significant and the way they use social media is a powerful influence on teenage decisions. Teenagers are easily attracted to celebrity lifestyles, commodities or behaviour that they exhibit on social media. Some celebrities are paid to promote products and ideas and while many foster good behaviour and values, unfortunately, the good merges with the bad.

To be responsible people, teenagers need consistent and accurate information but we may see a young person emerge from their teenage years to a world where

work and the importance of work is strange to them. Moreover, working to contribute to their own and the broader social construct is equally unusual. They have seen celebrities and superstars in huge houses, driving expensive sports cars, and wearing the latest fashion and accessories. They can be desperate to follow this lifestyle, unable to understand the value of money and borrowing irresponsibly to access money to spend on the products they see on their screens.

Sadly, unless we educate young minds in school, it will take them many years as adults to realise the mistakes they make with credit. There is a strong need for financial education and the truth about work before they enter it.

Move to improve

If you live in a large city, you will have plenty of jobs to search for but greater competition. In the country there will be fewer job vacancies but also fewer candidates seeking those jobs. You will typically earn more in the city than the country, but living costs are higher there.

One failing of many workers today is lack of willingness to move: to leave town and seek their fortune elsewhere. Many attend university and return to their hometown for work. Why? A lack of flexibility limits

your opportunity. You have to be prepared to move to improve your situation.

Suppose you have reached the age of 30, say, and never moved away to work. In that case, knowledge about work and money is restricted to the people and experiences around you, your family, friends and acquaintances. If you only buy red socks, you can wear red socks or no socks. You think your mind is full of knowledge, but that knowledge is restricted to the world immediately around you. Your sock drawer might be stuffed, but only with red socks.

Settled and happy in your job

In a recent YouGov survey of 1,133 British workers, ‘two-thirds of Brits say they are in jobs they like or love, while only half consider themselves as well paid’.¹⁷ More than one in seven stated they dislike or hate their jobs and nearly a quarter thought they were poorly paid. That is sad.

Further, YouGov asked the question ‘Would you rather have a job you hate that pays well, or a job you love that pays poorly?’ To this, 64% said they would rather have a poorly paid job they loved and only 18% would take a well-paid job they hated. There appears to be an accepted trade-off between misery and money. Could the accepted challenge be to find work you like that pays well?

The survey cross-referred the Brits in reasonably well- or very well-paid jobs, and those who either like or love their job, revealing that almost a third are in both groups. That means more than two-thirds could do better. These people might already be thinking life could be better. This book will help them seek more pay or a job they prefer with the same pay, but it is the settled and happy that I also want to wake up. If you are in the third that both like or love your job and feel fairly or well paid, then you are already heading down the road of opportunities lost.

EXAMPLE: THE WORKING TRAP

Before you have a penny to your name, if you have secured employment then you have access to credit. For a young adult in employment the lure of a shiny new car and the freedom it offers is too appealing. Before long, the employed income turns to debt.

Of course, you don't see this coming. You are enjoying life. Especially now that you have the job you like or love and are happy with your pay. Your job is no longer the problem. Enjoying that income becomes the next barrier. Spending is your reward for your achievements and the pleasures take over.

Now there is an added reason to work – not just to earn enough to live on, but enough to feed the new lifestyle debts. Life continues. The weekends become the only time to play and the desire to enjoy oneself after a busy week working leads to spending more money.

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On Monday, it's back to work; that is, if you work office hours, of course. The need for money is fuelled when a partner arrives whom you shower with gifts. Then the lure of a house comes into the foreground, either rental or maybe to own a property with, of course, a mortgage. Soon, married or not, there is a baby on the way and the start of a permanent debt to which only love is returned.

The working trap is slowly but surely engulfing this individual. The only sure way out is to work longer hours and increase the income. This involves more time at work which needs more significant rewards, so the more expensive holiday abroad comes into the picture.

The working trap is soon triggered; there is no obvious way out. This person is now working because they have to and not because they are inspired. They may like the work they do or loathe it; at this point it makes no difference. This is the point where they realise it's not money they desire, or dream about, it is freedom – having more time. More time to spend with their partner. More time to spend playing with their children. More time to complete those DIY jobs they have started and not yet finished. In fact, it's more time for the simple things in life that can cost little. Love, companionship and a desire to breathe for a minute. Something they try to find on holiday. The working trap is firmly triggered when the annual holiday becomes the surrogate to dream about.

This person may not be you, or at least you don't think it's you. Test yourself, then. Think of your family, friends and colleagues for a moment and see whether you can name someone in this situation. Do you see that person?

Earned Disposable Income – EDI

There is no doubt that the key to any future success is to first escape the working trap. There are two specific things you can do:

1. Stop spending and, where you have to spend, look for savings.
2. Increase your skills to become corporate indispensable, rewarded by a higher salary, to increase the amount you can put aside.

When you achieve these two things, you will see the light of financial freedom, probably not experienced since your first wages. By reducing your spending and, at the same time, increasing your income you are expanding your 'earned disposable income' (EDI).

In contrast, if you stay in the working trap you may earn more as a natural progression reaches promotion but you will also spend more. Higher income is paid for higher responsibility and more stress in equal measures. You will reward that higher stress and responsibility with a bigger house, a more expensive

car and certainly more expensive holidays. It is no coincidence that higher management get more days off.

Don't get me wrong. There is absolutely nothing wrong with owning a house, driving a smart car, having a lovely and enjoyable family and taking plenty of holidays. It's actually what makes us all happy. But don't suffer at work as a trade-off for this, and don't overspend to make it all feel worthwhile.

Being self-employed isn't necessarily the way to a better life, either. Many people who have stayed in the corporate sector have climbed the working ladder and are very wealthy though. Let's take a look at the Chief Executive Officers (CEO) of the UK's FTSE top 100 companies. An analysis by Robert Half suggests that

'internal promotions to CEO positions are on the rise, representing 70% of new CEO appointments in the last year, and nearly half (46%) of CEOs overall. Furthermore, 15% of current FTSE 100 CEOs have spent their entire careers with the same company, a figure that has risen every year since 2015 when the number stood at only 7%.'¹⁸

The point is, you can use work to generate a life you want by making sure you spend less and increase your salary more, thus creating high levels of EDI. You

would think the CEO of a FTSE 100 company would be wealthy. They will undoubtedly command a hefty salary but what are they doing with that income? High salaries may appear to be an automatic route to wealth, but many waste them on elaborate spending and poor investments, not on the moderate accumulation of slower but certain long-term growth of assets. Whatever work you do, or however high you climb the corporate ladder, you will not be automatically wealthy without sensible financial planning.

My treadmill fears

When I was 26, I was working in the family business. I had been there for nine years, since leaving school. Other than O-Levels I had no professional qualifications. I had fun in those nine years – just maturing, I suppose. I was married with a baby boy and living in the remote countryside in the Lake District.

I made a decent living, had a car, a house (and mortgage) and was happy. I now know I was going through the process with many of my friends, firmly locked into the working trap. It sneaks up! However, I was waking up to the reality that ‘this was it’. The family fruit and vegetable supply business was slowly engulfed by the larger supermarkets. Garages began to sell food and other household consumables, and soon even they became our competition. Making a good profit became a problem. Hard work could keep us going, but maybe a significant change was a better solution.

The solution to many in West Cumbria was the same. If business failed, there was always a job at Sellafield, the nuclear power station that sits ominously on the nearby coastline. Working at Sellafield was a target by some and viewed as Easy Street. A suitable place to put in time. I only saw it as a working prison with the bonus of secure pay to waste on fun, cars, things and holidays. There was no way I would end up on that treadmill, hating work that paid well.

Recognising I was in a working trap was not the problem, it was extracting myself from it. I had no decent qualifications, no professional skills other than a Class 1 driving licence; and I didn't fancy forty years behind the wheel of a lorry either. I had a family to support, and the family business was struggling. I decided that I wanted more. I wanted my work to deliver variety, maybe travel, and to experience a fruitful and fuller working life. To achieve this, we sold up, shipped out and went to Edinburgh. I embarked on a short course of study that gave me entry to university and the start of a long journey that eventually led me to financial services.

Today, I love doing what I do. Although you might view it as work, I don't because I am still on my journey to wealth and I see everything I do as working towards that goal. There are plenty of barriers to overcome and, as I did, you can pass them too, but the one barrier you must first overcome is your own attitude.

You are the biggest obstacle to your future happiness and will limit your reach for wealth.

Barriers to our existence appear almost weekly; they can be insurmountable, but only if you let them be. Work would be so dull without such obstacles. Without a doubt, the most enjoyable aspect of the last thirty years has been the struggle. Easy is dull. The feeling and rewards from overcoming a challenge to achieve a successful outcome can be joyous.

The hourly rate time trap

Except for a few CEOs who command enormous salaries, income is constrained by time, too. For example, consider the professional world of accountants and lawyers who charge by the hour for their work, a direct exchange of time at work for money. So, engaging lawyers who charge you £150 per hour will cost you £1,500 for ten hours' work. What the lawyer earns is directly proportional to the time they spend at work, which we know is capped to the maximum available: 168 hours per week, or 8,736 hours per year.

EXAMPLE: LAWYER OR GARDENER?

This lawyer could earn $£150 \times 8,736$ hours per year = £1,310,400.

To achieve this income would require no time for sleep, eating, bathing, rest or play. It is clearly impossible!

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In any twenty-four-hour day, we can typically say we sleep for eight hours, travel for one hour, eat and drink three meals taking up two hours, bathe for one hour (say, including toilet time) and we drift for one hour. Drifting is being at work but not being productive, daydreaming. Drifting can be the things you do in the office that cannot be charged to a client account, such as changing an ink cartridge or chatting about the weekend's activity at the coffee machine.

That all adds up to thirteen hours and leaves eleven hours that could be spent on chargeable working time. Over the year, this has now reduced your £1.3 million income to a potential £600,600, working eleven hours solid every day. This lawyer is a workaholic!

Of course, we don't tend to work every day in a week. If you take one full day away you reduce your potential income to £514,800 per annum. When you build in four weeks' holiday and nine bank holidays your potential drops to £460,350. This is still a great income for many, a desirable income, so what is the problem? To remind you, this person charges £150 per hour. They work eleven hours solid per day for six days per week and only rest for Sundays, bank holidays and four weeks' annual leave. If they are not working, they are either travelling, sleeping, eating, bathing or drifting. They have also to ensure at least eleven hours are chargeable at £150 per hour to their clients, every working day.

If you could get this job, you could decide to work for a few years to get the money in early and plentifully, but this money would need to last you for the rest of your life. Currently, in the UK, you would pay 40% tax on most of this income! There would be business expenses

to cover too, unless the £150 per hour was your net rate after expenses.

Suppose you are not a highly paid lawyer and instead are a gardener only able to earn £15 per hour. In that case, your real maximum income will be capped at £46,035 per annum. You still pay tax and may have other expenses.

Whether you charge £150 per hour or £15 per hour, it is one hell of a task to become a millionaire, wealthy or even well-off by relying on your salary or charges alone.

In my examples, the lawyer and the gardener both work long hours, leading to burnout. Working even six days per week for eleven hours solid is unsustainable. Both are trading eleven hours for money, every day. Their income depends totally on the rate they charge and the hours they work. They are in the hourly rate time trap.

While I accept that it is possible to work this hard and earn a great income, what happens when the lawyer or the gardener can no longer continue? If they cannot put in the time, they cannot earn. With this working model, no time = no income.

Reducing your time working may be a way to ensure you don't burn out, or lose interest altogether. But that reduces your income, because it reduces your time

spent working. Reducing from eleven hours per day to eight hours means you are still busy and working six days per week, but now for 72.7% of the income. Such work-reducing action may lengthen your working lifetime (pushing back your retirement age). But it still has an impact on your net income while you wait to retire, hopefully on a pension – another cost reducing your net income.

The point is, you can love your work and look forward to it, work extremely hard and build a great income too, but for how long is this sustainable? How long can you keep that level of work going to maintain both your income and the lifestyle it supports?

Don't work because you have to

I hope you are starting to build a better reason for working: not just to satisfy your debts and lifestyle but because you realise it is the only opportunity to create wealth for you and your family.

When I was 26, I questioned work. I didn't want to work and explored all the ways to get out of it. I quickly realised the only way out was to work harder and more innovatively, and earn my way out. I needed a job that paid more and, to get it, I needed more knowledge and better qualifications.

My intention, at the time, was to work in a prominent city firm which had excellent prospects for promotion, leading to a better-paid job, secure and with long-term benefits. I had no other principles than that and my understanding was no different from that of many UK workers. It would take me fifteen more years to realise the actual target was to be wealthy.

However, the initial idea is the same. To be wealthy you not only need to work, but also to develop your own skills, to seek promotion and a better income. The more active income, the more investment towards your wealth. You need not just a job, but a secure job. Your employer must want you more than the job that you do. The idea that no one is indispensable is rubbish. While many employees are dispensable, it's the few who are not that employers seek. When you have demonstrated indispensability to your employer, you will have reached the first stage of your future wealth.

Key points

1. Nearly 50% of the UK population is in a savings crisis. Don't be one of them.
2. There has to be a change in the way we think about work and appreciate the income it generates.
3. To be socially mobile, a plan for wealth that relies on luck alone is sheer delusion. Instead make it

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plausible by taking the right action and embrace work.

4. It's not just those who hate their job that need to change, but those who love their work, too. You could be on the road to the working trap without knowing.
5. Don't fall into the working trap – credit now, pay later and ever-increasing spending before saving. Get off the treadmill.
6. Stop spending and increase your skills to become corporate indispensable.
7. You cannot reach wealth by simply charging more or working longer hours. You will burn out before you retire.
8. Don't work because you have to, work because you want to.
9. Find a better reason to work than to justify your lifestyle.
10. Your escape route is paved by increasing your EDI and doing something positive with it.

Key message

Whatever your opinion of work, it remains the only certain tool you have as a route to wealth and ultimately out of work. Just having a job is your wealth

opportunity. The earlier you realise this, the earlier it will all happen for you.

Key action

Ask yourself this question, 'Are you reliant on your employer, or is your employer reliant on you?' If the first answer is true, then you need to change your attitude and take five steps to ensure you become indispensable to your employer:

1. Get to know the business and the company better.
2. Get to know the people in the company better and the roles they perform.
3. Increase your skills and knowledge to make you the best in your role.
4. Increase your skills, knowledge and qualifications in preparation for the future direction of the business, company or industry.
5. Learn how to manage people, train others and make meaningful presentations to your peers.