

Wealth creation

A short while ago, we received a letter from a reader. "I would like to ask if *Financial Review Smart Investor* can explore the financial road map for investors," it said. He asked if we could tell readers how to develop their own financial road map "and get their financial house in order and then keep it that way".

It's an intriguing idea: how do you prepare your finances for the many watershed moments of your life?

So we set out to do it. But just remember: if you're going to get any good use out of a map, you need to know what destination you're trying to reach with it.

"Your requirements do change," notes Sergio Arcaini, a financial planner at Chiltern Peak, part of Genesys Wealth Advisers, in Kew, in Melbourne's east.

"While the regulator can keep talking about risk and return, I think the focus of people should be to create a budget and try to stick to it. Once you have done that, you can work out what your goals are and what you would like to achieve in life.

"One problem we have as an industry today is we don't teach clients to set goals and stick to them.

"Anything you lie awake at night dreaming about, anything you want so badly you can taste it, you can find ways of making it happen if you are prepared to make the sacrifices to achieve that goal."

A practical example: "It is much more important to say, 'I would like to get a Porsche' than to say 'I would like to have \$250,000,'" Arcaini says. "If you are dreaming about a Porsche, it becomes a powerful motivating factor. If it's just a figure, it doesn't have the same power."

Goals can be anything. The house on the beach. A family – or education for that family. Early retirement. Part-time work for much of your life. A return to study. Or simply breaking even and providing as best you can for your dependants. But it's only with the goals in place that you can build a road map towards them. With that done, here are some typical life stages and the issues they tend to raise.

THE ROAD TO SUCCESS

In the game of life, it pays to have a goal and a plan for how to get there. **Chris Wright** charts a path to wealth for all ages, from leaving home to retiring in comfort.



Enjoying the journey: Health-food entrepreneur Martin Meek (left) and adviser Andrew Buchan, of HLB Mann Judd in Brisbane.

EDDIE SAFARIK

▶ CASE STUDY 1

Hatch a plan for a healthy retirement

MARTIN MEEK is an example of an entrepreneur with a clear goal. Like many successful businessmen, he got his big break from an unexpected route.

A teacher at first, Martin's wife's family was in retail. One day over dinner he disagreed with his father-in-law about plans for a new store. "Do you think you could do better?" the older man asked. "Yes, I could," Martin replied. He redesigned the store, then gave up teaching to build it, and finally ended up running it.

Two years on, Martin reached the next life-changing moment. He and his wife were thinking about having children, so he looked at his financial prospects and decided he wanted to buy in to the business. "I didn't have any money," he says. "But I had a house. So I sold it and bought in. That was 20 years ago."

It was a bold move not many of us would make, but that's entrepreneurs for you; and it worked. Along the way Martin and his father-in-law shifted from a previous model, built a health-food store and sold it to a franchising model in which buyers could use the name. This became Flannerys Natural Grocers, which thrived for two decades and was sold in 2008.

This was the next pivotal time: the windfall from a working life's effort. But Martin was still young; even today he is only 46. So the next step was to decide on the next step. He'd signed a non-compete clause, so retained two stores and ran those as a franchisee until the clause ran out two years later, and then sold the stores.

Now, he's setting up a new organic commodities import-export business. "I'm moving up the food chain, supplying to the people I used to be competing with," he says. Noting his risk profile has