



The Wealthy Barber Returns

BESTSELLING AUTHOR DAVID CHILTON RETURNS WITH A FOLLOW-UP TO HIS BLOCKBUSTER *THE WEALTHY BARBER*

BY ROBERT PRICE

PHOTOS BY IAN WILMS

"DEBT," says David Chilton when asked to characterize the markets in a single word. "The word I choose is debt. The world has too much debt."

Chilton is the author of *The Wealthy Barber Returns*, the sequel to his 1989 bestselling book on personal finance, *The Wealthy Barber*. Chilton's new book grew out of his frustration with how Canadians handle their personal finances. Over the last decade, he watched as rates of return on personal investments plummeted. Canadians saved less and less and borrowed more and more. When average Canadians did invest, they rode their emotions and jumped in and out of the market at the wrong times.

"People are sabotaging their own futures," says Chilton. "The math doesn't work."

With such poor financing by individuals and by governments across the developed world, Chilton says Canadians will likely face one of three futures: slower economic growth, a major contraction, or a period of significant in-

flation. "One of those is almost mathematically inevitable," says Chilton.

Yet Chilton believes the outlook is good. "Over the long term," says Chilton, "I'm always optimistic. Growth will win the day."

THINKING INDEPENDENTLY

Chilton is an independent-minded man. Born in Sarnia, Ontario, Chilton studied at Laurier University, worked in personal finance in Waterloo, and eventually wrote and self-published *The Wealthy Barber*, a personal finance book written as a novel.

Chilton, who spoke at CBA's national conference in May, attributes his success in part to Canada's independent booksellers. Independents saw the value in *The Wealthy Barber* before the leading chains at the time did and singled it out as must-read. The book jumped to the top of the bestsellers list. It sold millions.

"I love independent booksellers for a simple reason. They love books," says Chilton.

Chilton says he hopes readers and booksellers will find *The Wealthy Barber Returns* as engaging as his first book. To make the book as informative and as easy as possible, Chilton tested the book on groups of readers. He redrafted the manuscript to answer questions that came out of focus groups. His goal, he says, was to give average readers, who may find personal finance dull, an entertaining read they can finish in four hours.

"I designed it for Web readers," says Chilton. "It's short, punchy, and gives information quickly."

KEEP IT SIMPLE

If Canadians panic when they think of their personal finances, it might be because the media covers the economy like a never-ending earthquake. Panic is part of the storyline.

Chilton, who speaks regularly about personal finance and appears on television often, says that people who handle their money well don't dwell on macroeconomics. They don't revise their investment plans based on what happens in the day-to-day.

"People who handle money well have a different experience than the so-called experts on television," says Chilton. The people doing well pay off their mortgages, maximize RRSP contributions, and split money between guaranteed investments and long-term holdings. "The best people have very straightforward plans and long time frames," says Chilton.

And the prognosticators, Chilton says, don't deserve the attention they garner. "Even though they've been humbled by being wrong so many times, they don't let that bother them. They just keep firing the predictions."

This is one of the key messages in *The Wealthy Barber Returns*. Where economics is complicated, mysterious, and designed for the priestly class, personal finance is simple, obvious, and open to everybody.

Chilton ends *The Wealthy Barber Returns* with an anecdote about meeting a farmer who had created the best financial plan Chilton had ever come across. The farmer split his income with his wife, maximized their RRSP contributions, invested in the short and long term, bought stocks that paid dividends, and used excess cash to pay off the family mortgage. The farmer explained his plan to Chilton in one minute. The plan was clear, simple, logical, and it worked.

When it comes to personal finance, "the complex stuff doesn't work," says Chilton. "You can't control the market but you can control where you focus your energies. Keep the plan simple, keep costs down, and focus on long term."

Central to the farmer's story is debt. The farmer paid off his debt as quickly as he could. Chilton's advice on debt—don't go into debt—runs through *The Wealthy Barber Returns*.

"The absolute key to personal financial success is spending less than you make. That's the absolute key. I don't care how trite it sounds. I don't care if it's in every other book. That's the key." 🗨️

Find a review of *The Wealthy Barber Returns* on page 33.



David Worsley and Mandy Brouse, co-owners of Words Worth Books in Waterloo, ON, with David Chilton. Words Worth Books was the first store to sell Chilton's bestseller *The Wealthy Barber*.