

Reader's Reviews

“Money’s Big Secret will make you question everything you’ve ever bought.”

“This is not an ordinary book about money: Tom Church delivers on his word.”

“I can’t believe he starved himself for a week. You have to read it for that reason alone!”

“Fantastic. No one has ever explained money like this before.”

“Most money books say, ‘save this, save that’. Not here. Money’s Big Secret is best I’ve read.”

“Writing about the real nature of money isn’t easy. Tom makes it sound like a nursery rhyme.”

“No nonsense, practical advice everyone can apply. Tom is obviously mad and I love it.”

“Combine Martin Lewis with David Attenborough and you get Tom Church. Riveting.”

“If you’re stuck in debt, read this book. If you don’t understand money, read this book. If you can’t save money, read this book. Just read it.”

“Tom shares the fundamentals of money and explains how this determines what we do with it. He then provides practical steps to take advantage of money’s secret nature.”

“Wonderfully written, money is fun to talk about again.”

“The single best thing since sliced bread.”

“Money’s Big Secret will help a lot of people.”

“Really good. If you’re ever going to read a personal finance book, this is the one to choose.”

“This is a short book for a reason: Tom tells you what you need to know and nothing more. An excellent read.”

“You’ll wish you had read this ten years ago.”

Money's Big Secret

TOM CHURCH

Church & Company

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PREFACE

“I’m writing a book,” said Tom.

“What about?” I asked.

“It’s a book on money.”

“Hasn’t that been done before?”

“Not like this, this will be a *classic*.”

If anyone else had told me this I would have rolled up my eyes. However, having known Tom for years I knew he was serious.

Tom has a contrarian way of thinking that’s both ridiculous and genius.

I remember when we first met in a bar by St. Paul’s Cathedral in London. He was still at University and wanted to learn what makes some businesses more successful than others. Whereas most students do internships and work experience, Tom said, “How does that help? You only learn about one business at a time and can’t compare them.”

Instead, he created a business networking group which grew into London’s biggest. In just over a year he had over two thousand members and hundreds came every month. It’s here that I met

him. I had just launched my website, LatestFreeStuff.co.uk, and Tom discussed it with me for hours that night.

His conclusion as to what makes a business more successful than others was just as surprising as his method used to discover it:

“It’s storytelling,” he said, “whoever has the best story and tells it to the most people wins. It’s more than just marketing or advertising. People want to be a part of something and if you can get the story right, they’ll buy into it.”

Since then Tom’s continued on the same experimental path discovering what takes most people a lifetime to learn. He’s worked for Blue Rubicon, the UK’s #1 PR agency, simply to learn how it works; started a design business without a creative bone in his body just to learn about branding (“well, I may as well get paid to learn it”, FullScream.com); and became a bespoke suit tailor - yes, you read that right - to learn how a traditional family-owned business can still thrive in today’s world (MullenAndMullen.co.uk).

So when Tom said he had turned his attention to the mystery of money: how to get it, save it, and

grow it; I knew he was serious and that whatever the result was, it would be great.

Money's Big Secret is better than I had ever expected. It's excellent.

Deepak Tailor,
Founder of LatestFreeStuff.co.uk
& Winner of BBC Dragon's Den

CHAPTER 1

Hidden behind the disguise of mundane habits are cryptic clues that reveal much more. Watch carefully and note what you see, for what people do shows how they came to be.

Two years ago I was standing in my kitchen making a cup of tea. The water had boiled, the kettle had clicked and the teaspoon went clink, clink, clink. I sat down on the creaky wooden chair and held the slightly-too-hot-cup in my hand. Steam whispered to the air and as I slurped the first sip I smiled in memory of all the cups before. Except for one: my first.

Why, I wondered, do we continue to drink tea even though most of us do not enjoy our first cup? Similarly to coffee, wine and beer, we acquire a taste for these bitter and dry drinks, choosing them over what would probably have been more natural: fruit juice or milk.

Perhaps with tea it's the warm and awakening comfort it gives. After all, it has caffeine which wakes us up. However, other drinks do this too and they haven't found such a special place in our homes. Maybe tea is the tastiest hot drink of all but I'd disagree, hot chocolate is far tastier. What is it then? What is it that makes us drink up to eight cups per day?

I looked outside the misty French windows across to the back of my neighbour's house. I lived on a terraced row where houses stand back

to back. When it's that wonderful time of day where dusk settles and lights turn on, you get a short glimpse into the world of others. Today they sat, the newly weds, also enjoying a cup of tea.

Somehow I felt part of their story. I was there when it was just the man, and there when the lady arrived. She moved in, they held a wedding reception and shortly afterwards a large, noticeable bump came to be. Throughout it all we had shared one daily ritual: the afternoon cup of tea.

There it was, the clue.

Tea is made in a social setting. Think of Grandma who you ask, "Can we talk?" and she replies, "I'll put the kettle on." When we make tea we often do it with and for others. We wait for the water to boil, the kettle to click, the teaspoon to clink. Then we chat.

We chat about everything and everyone. News, politics, neighbours, friends, lovers and money. We especially like to talk about money. How much things cost, what bargains we found, our plans to get rich.

Money, it turns out, is very similar to tea. It's not just a tool for spending as economists would like us to believe, but completely entwined with the social setting in which it's earned, saved, borrowed, lent and spent.

Do you remember ever winning or finding money? How did it make you feel? Most say it's exciting, that they feel lucky and triumphant.

With this 'easy' money, what did you spend it on? If it's a while ago you may not remember, but chances are you spent it on something fun rather than put it into your boring savings account.

Yet if you earned the same amount of money after a long week of hard graft would you be as likely to splurge? Probably not. How we earn money plays a large part in how we spend, save and invest it. That's why we have different pots and jars for savings.

I remember when I was young I cared for an old lady, Miss Bibby, for £2 an hour at the weekends. She would pay me in cash and I'd keep it in a tin slowly saving up for a computer (it took me four years). I also used to wash my neighbour's car for £5, but this went into a different jar for toy soldiers. Things haven't changed much since. Income from my job goes into a current account and income from other things such as book royalties and speaking events go into a separate account for holidays.

The fact that what money means to us depends upon the social setting in which it's earned and spent explains why 'dirty money' is said to burn a hole in your pocket: you spend it as quickly as possible. Furthermore, it's why we say some criminals 'launder' money.

People flitter between two opposite spectrums when it comes to money. They either ignore it completely and find the whole finance thing a bore - life is too short - or they obsess about interest rates and the state of the global economy.

Either way, it's discussed with friends over a cup of tea.

What doesn't happen though, is any sort of *action*. They love to debate tactics, strategies and their thinking behind decisions. Yet other than *not* doing anything, they rarely put those decisions to work. I'll show you in this book how not to be like them. Getting rich and learning about money isn't, as the media pundits promote, about eeny-weeny details, but about getting started now - as early as possible - and doing a few basic things regularly.

While we love to talk, it's at the cost of actually doing anything. People get a thrill out of nitpicking, saying "yes but", "what about", and "no", because for some mysterious reason it gives us satisfaction. I haven't figured out why yet but it's probably because of biology and psychology (sharing information is better for our collective survival), but money is not a natural thing. We invented it. In order to get it and be rich we must consciously take action and avoid the pleasure of arguing minor points. This is a small book that says what needs to be said and little more. I will reveal to you money's big secrets and armed with that knowledge help you pay off your debts, save more money and invest for a richer future.

Why is money so complicated?

Everyday we're bombarded with money-related advice. I'm constantly bamboozled at the quantity of stuff shared online, in print and on TV.

I say 'stuff' because most of it is waffle and little helps you become rich. 'Experts' describe the global economy: how Japan has negative interest rates, how the European Central Bank has launched quantitative what-not, how the Federal Reserve has upgraded the status of this and that and how the UK's deficit means we're all doomed or saved. I forget the details for, as you will discover, they're not important.

The fact is, financial experts mostly describe what they see. Graph goes up, graph goes down. Oil is high, oil is low. Then they try to interpret that graph and find some sort of future consequence. For example, the Government has printed more money so this should encourage banks to lend which is great for small businesses - or is it? Whatever the answer, none of it helps you save and invest money. Talking about how a British steel company will close leading to thousands of job cuts is much more enticing to readers than simple debt-cutting advice and how-to guides on setting up an automated savings plan: the long-term practical steps that will actually earn you money.

Those giving personal finance advice such as which Investment Saving Allowances (ISAs) you should save into and how to avoid this and that

are always changing what they promote. It's as if you were trying to lose weight and your personal trainer puts you on a different programme every week. First, Atkins. Then the 5-2 fasting regime. Finally, no sugar, no carbs, no nothing. Then they wonder why we quit our new exercise regime within a month.

Philip Tetlock, author of *Expert Political Judgement: How Good Is It? How Can We Know?*, revealed how Financial 'experts' are to be avoided. He interviewed 284 people who made their living 'commenting or offering advice on political and economic trends.' He asked these experts to predict the likelihoods of certain events happening in the not too distant future. Things they supposedly had expertise in. He gathered 80,000 predictions and then waited to see what happened.

In the words of Nobel Prize winner Daniel Kahneman, 'the results were devastating'. The experts performed worse than if you or I had tossed a coin for every prediction. People who spend their entire lives reading, researching and earning a living from the study of a specific topic: economics and politics, did worse at guessing what was going to happen than if we had just placed an equal bet. Do you know what would happen if those experts followed their own financial advice? They'd go bankrupt.

And that's exactly what does happen to some. In 1996, John Graham and Campbell Harvey studied over two hundred financial advice

newsletters over a 12.5 year period and found 94.5 percent of them had gone out of business. These money gurus and hot-stock pickers couldn't even keep their own doors open.

If you want to lose weight the solution is simple and all the little bits of contrary advice boil down to the same thing: exercise more, eat less. Guess what? It's the same with money.

Money's Big Secret

Most of us are not born rich. However, it's likely that as a reader of this book, you're in a place where you have access to good financial institutions, employment prospects, social security and at least the *opportunity* to get rich.

So why is it then that despite all of this, most of us don't get rich? What is money's big secret?

Forget the get-rich-quick stories. Very few achieve immediate wealth and when you hear of people that do it's usually because of survivorship bias: you only hear about the one successful businessperson, not the other 10,000 who failed. Instead of get-rich-quick stories remember this: money's first big secret is that it grows faster and faster with time.

Read the stories of Smart Sally and Dumb Dan:

Smart Sally lives in The Wirral, a wet and green peninsular of land in the North West of England, home once upon a time to James Bond actor

Daniel Craig and before that the Normans and the Romans.

When she was 25, Smart Sally started saving and investing £100 per month. She did this for 10 years, stopping when she was 35. She did nothing else and let her money grow. With an 8% rate of return, aged 65, her money grew to £200,061.

Now consider the story of Dumb Dan:

Dumb Dan lives in Chelsea. Supposedly it's the richest borough of the United Kingdom, home to the powerful and famous.

Dan started ten years after Sally, when he was 35 years old. He too invested £100 per month but did it for three times as long – 30 years - right up until he was 65. With the same 8% rate of return, his account became worth £149,036.

	Starting Age	Monthly Investment	Years	Total Return
Smart Sally	25	£100	10	£200,061
Dumb Dan	35	£100	30	£149,036

Smart Sally, despite only saving and investing for 10 years as opposed to Dumb Dan's 30 years, earned over £50,000 more than him. This is because she understood money's first big secret: it grows faster and faster with time. The single

most important thing you can do to be rich is to start early.

Getting rich is something anyone can achieve. You simply need to start and invest for long-term.

Reading Numbers

When you read about Smart Sally and Dumb Dan, did you skim over the numbers? Most people do. Numbers are difficult to read in the context of a story. However, as this is a book about money, you have to get comfortable with them. Read the story again really try to focus on what the numbers mean.

List your ideas

To get started right now, list three ideas of how you can save a little bit of money from today. Three ideas. Doesn't have to be huge amounts, it can even be just £3 per day. Don't feel bad about writing on the book either, I don't mind. Go ahead and think of three ideas:

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2.	
3.	

List your excuses

Now list your excuses. Everyone has excuses. I want you to come up with twenty-five and list them here. Why can't you save an extra £3 per day?

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I often hear excuses such as: “It’s the Government’s fault that we’re poor.”

“We weren’t given proper education.”

“We’re paying for the mistakes of the previous generation.”

All of this is true. Yes, the Government does not do enough to encourage saving. Yes, we were not taught financial responsibility at school. And yes, the previous generation enjoyed the longest period of wealth creation in the history of mankind and left us with a treeless world.

However, not one of the excuses on your list will help you get rich. Why? Because no one is listening. And no one will ever listen. While you moan and pass blame onto the Government, others are out there saving their £3 a day and following the example of Smart Sally. That’s how much she saved: £3 a day (well, £3.33 technically). I’m not going to swaddle you like a baby and tell you everything’s going to be OK, because if you don’t take action, it won’t be. There is only one person who can help you and that’s yourself. You have to ignore your list of excuses and focus on your first list: how to start saving money today. Money’s first big secret (it has two) is to start early.

You may think that you need to get other financial matters sorted first. This is very common and often because of the plethora of mixed financial advice we receive. We’re told to re-negotiate our mortgage rates (if you’re ‘lucky’ enough to have a mortgage), shift our credit card

debts around, open cashback bank accounts, use high interest savings accounts, put money into mutual funds and to choose 'hot stocks'. We become paralysed and put off our decision to save and invest money until later: the next payday or, when you have a cushion of cash or when you get a promotion.

It doesn't have to be £1,000 a month. It can be £3 a day. What's important is that you focus on what you can change yourself and get started today.

Soon you'll be able to automate your finances but the first step is a change in your behaviour. Every month you'll automatically save and invest what you can afford which means your money will grow over the long-term without you having to worry about it. You can go back to work and focus on getting a pay rise or starting a business.

From now on, there are no more excuses. You are committed to saving and investing your money and you recognise money's first big secret is that it grows faster and faster with time so you have to start now, right now.

Why do you want to be rich?

Why do you want to be rich? To live a better life, right?

It may sound straightforward but what does that exactly mean to you? Is it to have two children, own a house in the countryside and to drive an electric car? Is it to go on holiday every

month of the year? Or is it to have a fully stocked wine cellar?

Usually people want to be rich for one or two exact reasons but rarely want *everything* in the world. I, for example, am a bookworm and love the crisp fold of a new, more expensive, hardback than reading off a Kindle. My dream is to recline in a reading chair and to enjoy a private library full of hardbacks. I know I could get them cheaper but that's not the point. The Ferrari outside? Not interested. Traveling constantly around the world? Not for me.

Your idea of a rich life may be the opposite. You may not care for books but get giddy with excitement for globetrotting and exploring the deepest canyons and highest mountains. You may dream of drifting a Ferrari around Silverstone or sailing a yacht in the Mediterranean.

Think about what you *really* want.

If you want to clamber through Brazilian rainforests and discover new species of animals, write it down. If you want to open a coffee shop, note that down too. Unfortunately these are long-term saving goals and you can only do them once you have money.

Most human misery is caused by inward thinking: looking at what we don't have and how far away we are from where we'd like to be. While it's important to have long-term goals such as those above, they're usually too far away to keep our determination and will power going. Instead, it's

better to use what we enjoy right now, here in the present, as a tool for keeping our savings and investments on track.

Ask yourself, what are two or three things you really enjoy every day? Is it the freshly brewed caffe latte on the way to work? Is it cooking your children a tasty dinner they lick from their plates? Or is it quad-ply aloe vera loo roll?

If these are the things you enjoy on a daily basis then make a conscious decision to enjoy them.

What do I mean? When talking about how to save money, most frugal experts will tell you to strip back on everything: take a flask to work. Cook frozen meat and vegetables. Use basics loo roll.

They don't understand human psychology. If saving and investing makes your life miserable, you're not going to do it. When has punishment ever beaten encouragement as a method of learning?

It's better to consciously decide what you enjoy on a day-to-day basis and to allow yourself those things as rewards. Cut back ruthlessly on everything else. Life is too short to skimp on *everything* for a future you may not have. If there's something that gives you great amounts of daily satisfaction, keep it. Use it as a way of giving yourself a pat on the back for saving on other things. Spend to your advantage.

Learn how to do this and you'll be drinking your caffe latte and *smiling* at the money you just

handed over. You will know that this *caffè latte* is what you enjoy the most each and every day. You will take that first glorious sip and the smell of freshly ground coffee beans will make you think of chocolate and golden rays of sunshine rising over the Tuscan hills of Italy on a cool and blue-skied morning. You will enjoy your coffee in the full knowledge that you have cut back on everything else, that you have saved and invested towards your long-term goal, but that here, right now, you're going to enjoy what life has to offer.

List one thing you get the most enjoyment from on a daily basis:

1.

.....

This is called your Single Spending Allowance (SSA). Prioritise your spending on this and cut back like a Samurai warrior on everything else. Consciously enjoy the things you love and stop spending on what's not important.

This is not a sexy book

If most experts followed their own financial advice they'd be at a loss. There are very few media titles that have, over the long-term, beaten the market average. *The Investor's Chronicle* is one that has, however, and that's because it understands money's first big secret: it's a long-

term game and you have to start early. The magazine is over 150 years old and the editorial team take a long-term view which is a rarity in the cluttered media world.

Most other financial media outlets and experts share what they think is sexy, not sensible. 'Hot stocks', high performance funds, bio-tech. These things are rife with risk and a recipe for ruin. You'd be wise to avoid them.

Why do experts give sexy rather than sensible tips? It's because they're in the media and they sell magazines or page views. They're not betting on the stock markets based on their own advice - if they did, they'd be bankrupt - they're trying to sell you a copy of their publication. Furthermore, as Philip Tetlock revealed in his study of predictions, experts can be over-confident in themselves.

This is not a sexy book. You're not going to learn about complicated investment strategies. Even 'mutual funds' are too sexy for me. Instead, I'll show you how to automatically invest and diversify your savings. You'll discover it's no more complicated than subscribing to a gym membership but that anyone can get the same returns as professional investors.

Sexy choices don't make you rich. Sensible long-term decisions do.