

Author: Ashley Ormond	Year: 2009	Title: <i>101 Ways to Get Out of Debt and on the Road to Wealth</i> ISBN: 9781 7421 69361
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I surprisingly found it beneficial reading “101 ways to get of debt”. The book is basically about minimizing debt as rapidly as possible, but recognises the need for building wealth. Ormond outlines basic guidelines of utilising various saving mechanisms for paying off debt quickly and then accumulating assets, using the fundamentals of compound interest.

On initially reading the book I was concerned that it would be another book covering the basics of compound interest mechanisms involved with debt, and savings mechanisms for paying it off early and the overall benefits that can be achieved. However, to give the author his due, Ormond shows a great amount of depth of experience and understanding of the financing industry which provides an insight into the industry that can assist most people. There are many tips that even if you have previously read many books on savings and debt mechanisms there is bound to be a tip for you. And this can be especially important in these times of the GFC where volatility in interest rates, availability of credit and fluctuating asset values are placing stress on investments and businesses; it can become an important addition to the library.

The book is broken into about 8 parts, with a couple of introductory and closure chapters. The sections range from mortgages, credit cards and personal debt. It also has a chapter on strategies for investment loans and small business debt. The sections on business debt were not relevant to me, however I can see that they have some tips for people who have small business. It is written simply for a wide ranging audience. Several of the chapters have a variation on a common theme, which is usually along the lines of the compound effect of savings on debt and accumulation of net worth.

However, there are some gems. Some of mine included paying down large portions of debt in a month, and then in a following month doing a loan payout to avoid large penalties on paying out early. The theory is that banks are not so good at tracking the position of a loan because they run so many products simultaneously – which I see could work for some organisations. Others are understanding the risks of offset loans, interest free loans and capitalising loans, which from the author’s experience provides some good insights into why not to use them.

There were some measures I was not in full agreement with, such as avoiding fixed interest loans and interest only loans. I do believe there is a role for these for a more sophisticated investor. However, I can understand the author’s recommendation to avoid them, particularly for the general person on the street. The book tends to cover a lot of the basics of loans and compound interest. I would have also liked to see more on risk

management measures, such as the role of mortgage insurance (and whom it is actually for) and the need for income protection insurance, TPD and disability insurance for unforeseen situations to make sure you are able to protect and maintain a means of paying off the debt which you are now responsible and accountable for.

However, I consider these are minor limitations. There is a wide range of information to pick out a tip that can result in a saving or benefit to most people, including investors. Even though it may be a small snippet, the savings that can be achieved can more than pay for having the book in your library.

Mark Cavaney is a member of the AIA.