

## The Wealth Creation Gap

It's a long lesson, but to see our money grow rapidly, we must first mentally prepare, learn, and realise the power of the gap. Of course, there are a lot of gaps that you're probably thinking of: the gap between rich and poor, the gap in our bank accounts, the gap in our financial knowledge.

The importance of this gap first dawned on me as I read all the personal financial media I could find around two years ago. What Gap? The gap between **what you earn and what you spend**.

Have you tried sticking to a budget? "I tried that and it's no fun", you say? Would you consider saving 12 years (and over \$100,000 in interest) off a 25-year home loan worth it? (Example assumes \$4,000 per month net salary in account, \$1,600 spending). A line of credit, or equity loan, is one reason to budget, but it really comes down to how you manage your gap. Without being mindful of your expenses, you will never be able to get ahead on a line of credit loan.

The difference between a wealth mindset and a struggling mindset is one of priority. Putting some time into this sort of planning really could set you up for life.

Some of my friends think saving and investing is beyond them. Well, living off a pension when I'm 65 would be beyond me; I like my luxuries and I intend on having them. Later.

To work out your own savings and investment plan, use the margin lending calculator at [infochoice.com.au](http://infochoice.com.au) (Calculators > borrowing to invest > savings gearing calculator).

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Jennifer Lancaster has published "How to Kick Bad Spending Habits... and Save for What You Really Want". She is now publishing "Sack Your Financial Planner: Wealth Creation for All Australians".