

# Globe Investor

## INVESTING

### Advice to a niece: Oprah's address gets it mostly right



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This week, in newspapers south of the border, there was a lot of coverage of Oprah Winfrey's commencement address at Stanford University. Not surprisingly, her speech touched on all of her favourite themes – following your heart, finding your place and giving back.

I'm a huge fan of commencement addresses – it's interesting to see what advice people give and who dares to be unabashedly schmaltzy – so I went searching for a text of Ms. Winfrey's speech to see if there were any hidden gems. And deep in the text, there it was: "So how do I define success? Let me tell you, money's pretty nice. I'm not

going to stand up and tell you that it's not about money, 'cause money is very nice. I like money."

Amen to that. It's true that having money makes life a lot easier and it's refreshing to hear someone say it, even if that person has billions of dollars more than the rest of us.

Her speech got me thinking of my niece Pamela, who graduated just days before Ms. Winfrey's appearance in Palo Alto, Calif. Unlike her aunt at the same age, Pamela appears to have a healthy respect for money. When she graduated as a member of the Class of '08 at Ryerson University, Pamela did so without debt, something she managed by working incredibly hard, sometimes juggling three jobs at once.

One of the blessings of writing an investment diary is the opportunity to read and talk to experts – and readers – about financial planning and investments. Their advice rings true at any age, but this

week I'd like to share some of the key lessons of what I learned with Pamela and others like her who are just embarking on their careers. These lessons may seem simple, but most truisms are.

First: To create wealth, you have to spend below your means. It's a truism that I heard most poignantly expressed by Patricia Lovett-Reid, vice-president of TD Waterhouse, who has made it her mission to offer advice to women on financial matters. Have fun and enjoy your money, but don't spend it all. Above all, don't spend what you don't have. If you save and invest some of your money, not only will you build wealth, but you will eliminate the terrible stress that comes from carrying unnecessary debt.

From Suze Orman, the financial author who regularly gives advice on Oprah: Know the difference between good and bad debt. Good debt is the mortgage you take out to buy a house or the money



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Oprah Winfrey

you borrow to better your lot in life (like continuing your education). Bad debt is going to the store and deciding you want that beautiful outfit and putting it on a credit card at 18.5 per cent interest – or higher.

Ms. Orman, like many financial experts, believes in paying yourself first: Before paying your bills, determine how much you're going to save and put that aside every paycheque. It's not just the saving that's important, it's recognizing that by doing so that you control your own financial destiny.

**Karen Mizgala, who runs Vancouver's Women's Financial Learning Centre, teaches women about real empowerment – being confident enough to take control of your money. Her advice is to set financial goals and learn enough about investing and financial planning to be able to find the right professional to help to get you where you want to go.**

There's lots to learn from

experts, but I often learn the most from readers, who write to me regularly about how they invest and why. They write about the stocks they've bought or sold; they argue about the merits of mutual funds versus dividend-paying stocks; they take issue with or praise points made in my column.

But what these readers are really doing is showing just how much you can achieve by being self-reliant – the rewards that can come from working hard, doing a lot of research, asking a lot of questions and trusting your instincts.

These readers recognize that there's more to money than earning it or spending it. That the value in saving and investing is financial independence.

That's a good reason to love money, as Ms. Winfrey put it.

Of course, the next point in her address was to make sure you pursue a meaningful life.

Money and meaning. I couldn't ask for more for my niece, Pamela.