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Speaker 1

Welcome, my name is Andrew Baron. And this is Well... It Depends! The podcast where I address financial decisions that can't be answered by a simple yes or no. In this episode, I ask the question, What should I know about the FIRE Movement? But before we began a short disclaimer, this is being recorded on April 11th, 2024. The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice.

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It's important to consult with a professional before making any financial decisions as the strategies discussed may not be suitable for you specifically.

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Getting into it. What should I know about the FIRE Movement? Well... It Depends! To start things off, let's address the basics. First of all, what is FIRE? FIRE is an acronym for Financial Independence Retire Early. FIRE Movement emphasizes extreme savings and investing, allowing individuals to retire much earlier than traditional retirement age.

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FIRE advocates typically aim to save at least 50% of their income and to retire in their thirties or forties. While this sounds enticing, it's not for everyone.

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On the plus side, the FIRE Movement provides a disciplined approach to finances. It encourages living below your means, aggressive saving and investing wisely. Many of the followers achieve high levels of financial literacy and freedom, which in turn allows them to escape the 9 to 5 grind decades before what is considered normal.

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This provides additional time for passion projects, spending time with family or other hobbies.

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The FIRE Movement also has its challenges. First, the high savings rate may make this strategy unavailable to some, especially those with lower incomes or high debt loads. Additionally, it requires a very frugal standard of living, which many may find too restrictive.

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Moreover, an early retirement means more years without a steady paycheck, which then means you need a larger nest egg to support these many years in retirement, especially accounting for health care costs and inflation.

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To recap, is the FIRE Movement right for you? It depends on your values, goals and personal circumstances.

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You need to consider your income, expenses, your job satisfaction and what you envision for your future. The FIRE Movement requires substantial sacrifice and careful planning, but it can also bring with it significant rewards. It's important to keep flexibility as life circumstances can change. So to answer the question, what should I know about the FIRE Movement?

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Well... It Depends!

Speaker 1: Andrew Baron, CFP®, EA

