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CASE
STUDY

THE EXTREME WAY WEALTHY YOUNG LAWYER SAVES 70% OF HIS SALARY

Daniel, 36, makes \$US270,000 (\$A400,000) a year as a corporate lawyer in Manhattan. But you'd never guess it if you saw his shabby apartment.

The Harvard Law graduate, who declined to share his last name for privacy reasons, lives across the Hudson River, in Jersey City, to avoid paying New York City taxes. There's no TV, just books that Daniel picks up for about 50 cents apiece at a local church. Rice and beans fill the pantry. An armoire holds just five cheap, threadbare suits.

When they tear, as they do "every six months" or so, he sews them back up. In the winter, he doesn't even turn the heat on.

"I mostly put on a bunch more layers," he tells our reporter.

Why so stingy?

Daniel is a member of the growing movement, FI/RE short for financial independence, retire early. The money philosophy — essentially, save fast and early so you can quit working young — is gaining traction among Millennials who have had a taste of office drudgery and want nothing to do with it.

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FIRE

Followers combine investment hacks with old-fashioned penny pinching to build up enough savings to quit their 9-to-5 well before their 60s. They're also committed to a monastic existence, avoiding social temptations like drinks with co-workers, workout classes and even the odd fast-casual Friday lunch.

Although he beats himself up for his rare fast-food splurges ("I'm not as careful as I could be," he says), Daniel has been able to bank 70 per cent of his lawyer's salary. His nest egg recently surpassed \$US400,000 (\$A590,000). He's on track to retire in three years.

"I'm excited and empowered to do what I'm doing," he says. Daniel says he has no regrets about his frugality. But that doesn't mean it's easy.

"There were some really hot days this summer, and I couldn't breathe on the subway platform," says 34-year-old Shang Saavedra, **a FI/RE follower and corporate strategy consultant.**

She's eight months pregnant, lives in Manhattan with her husband and, together, the couple pulls in more than six figures annually. The coin-conscious couple have a \$25 (\$A37) monthly entertainment budget, never buy drinks, tailor their own clothes — and could retire today if they wanted to.

"Our savings rate right now is 50 per cent, pre-tax," she said. It took her a while to get used to frugal living. During the first year, "I definitely hated it," she says.

"I had to constantly remind myself of our goals."

Carmen Perez, 32, who stumbled onto FI/RE three years ago while looking for ways to get out of a \$US57,000 (\$A84,532) debt, also struggled initially.

She was so frugal her co-workers jokingly offered to start a GoFundMe to replace her worn shoes.

"I was making six figures, and my shoes looked like they were going to fall apart," Ms Perez says. But she was able to save enough — while still enjoying a modest date night twice a month with her partner — to quit her well-paying job in financial services last month. She now plans to learn how to code and live off her savings while shifting her career.

"I have the ability to pivot now and do what I love ... because we have the money in the bank to make that decision," says Ms Perez, who recently purchased a modest home in Connecticut. Daniel, who is single, admits that FI/RE hasn't helped his social life. More and more young people are embracing FI/RE life.



Here's the OVERVIEW

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This article originally appeared on the New York Post and was reproduced with permission. "Positive Income" is bringing FIRE to Australia so that we can help everyone who wants to have Financial Independence and Retire Early (FIRE). Working with Spark Rental from the USA

Positive Income will be presenting insights, courses and advice on how to find Financial Independence – and Retire Early. Keep your eyes open as we will be releasing this project before Santa comes to see us!

Relating to co-workers is also challenging. "They talk all the time about the fancy restaurants, bars and Broadway shows they're going to," he said. Still, he's excited about his plans for the future. When he retires, he says he might move to Texas for its lack of income tax or somewhere in Asia with a relatively low cost of living.

He looks forward to swapping his 60-hour workweek for leisure time. "I can learn all about the War of the Roses or the Roman emperors or play a certain song on the banjo," he said. In case of unexpected illness or expense, he says he's not worried.

"The whole thing is a safety net," he says. "I have a really high-limit credit card if I need it, and if I lost my job, I can just sell some of my investments." He's also considering purchasing long-term disability insurance that would cover up to 90 per cent of his income if he had severe health issues.

"Even if I was totally disabled and not able to do my work, I could achieve my FI/RE goal at the same speed," he said. "I'm trying to get to a point where nothing besides death can stop me."