

# The FIRE Movement Survey

Financial Independence, Retire Early

November 2018



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## About The Harris Poll

The Harris Poll is one of the longest-running surveys in the U.S., tracking public opinion, motivations and social sentiment since 1963. It is now part of Harris Insights & Analytics, a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. We work with clients in three primary areas; building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible.

TD Ameritrade is separate from and not affiliated with the Harris Poll, and is not responsible for their services or policies.



# Methodology

**This survey was conducted online within the United States by The Harris Poll on behalf of TD Ameritrade from September 28<sup>th</sup> – October 6<sup>th</sup>, 2018, among 1,503 U.S. adults aged 45 and older with over \$250,000 in investable assets, including 753 who are financially independent or on the path to be.\***

**11 in-depth interviews were also conducted with pioneers in the FIRE movement.**



\*“Financial independence” is defined as a state in which an individual or household has sufficient wealth to live on without having to depend on income from some form of employment.

# We also spoke to leaders who shaped the FIRE movement

Special thanks to all of those who helped shape this research:

[Physician On Fire](#)

Leif Dahleen

[Early Retirement Now](#)

Karsten Jeske

[Fiery Millennials](#)

Gwen Merz

[Financial Samurai](#)

Sam Dogen

[The Money Habit](#)

JP Livingston

[Millennial Money](#)

Grant Sabatier

[Go Curry Cracker](#)

Jeremy Jacobson

[Early Retirement Extreme](#)

Jacob Lund Fisker

[The Mad Fientist](#)

[1500 Days To Freedom](#)

Carl Jensen

[Root Of Good](#)

Justin McCurry

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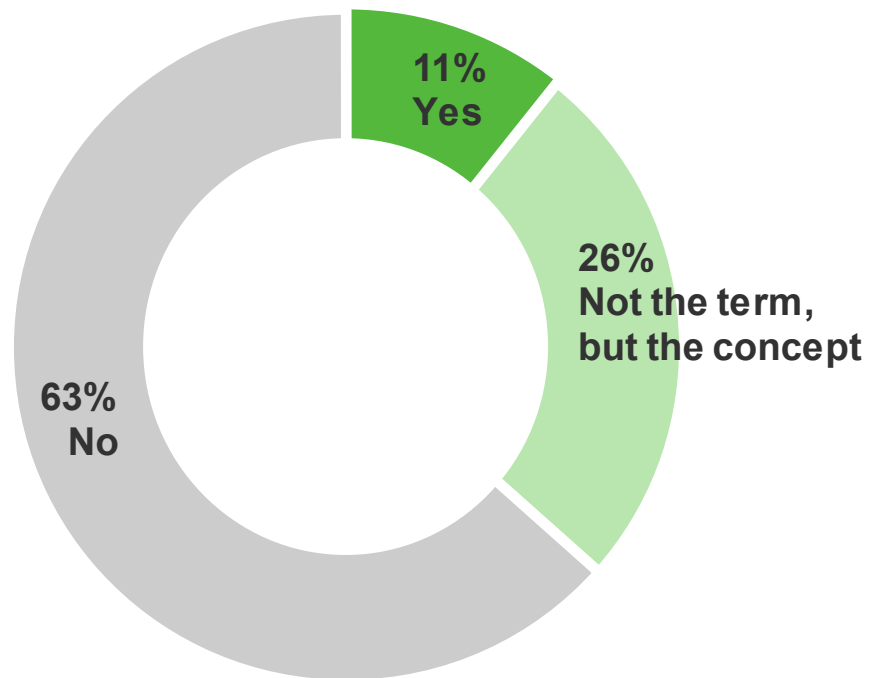
# Igniting **FIRE**

Motivations For the Movement

# FIRE is a social lifestyle movement characterized by working to obtain financial independence and retire earlier

Despite news coverage, two-thirds of Americans have not heard of FIRE yet

## Awareness of FIRE Movement



94%

Increase in Google searches for “Financial Independence Retire Early” in the last 5 years.



The way I would define FIRE is having enough money to pursue the things that are most important to you, without having to worry about money.”

- JP Livingston, The Money Habit

## Financial Independence is the driver of the movement

People are looking for security and freedom, while leaving their job becomes a lower priority for both the Financially Independent and those who are non-FI

### Most appealing about Financial Independence

	Financially Independent	Not Financially Independent
1 Financial security / peace of mind	74%	69%
2 Freedom to do what I want	65%	57%
3 Leaving a 40-hour a week job	35%	33%
4 Getting off the hamster wheel	20%	15%
5 Starting my own business	5%	3%

75%

Of the Financially Independent say FI (Financial Independence) is more important to them than RE (Retire Early).



Financial independence to me means freedom, the freedom to do what I want to do, things that interest me, and have better balance in life.”

- Gwen Merz, Fiery Millennials

## Retire Early is more about living life on one's terms than leaving the workforce

It means having the means and freedom to achieve work-life balance

### Most appealing about Early Retirement

	Financially Independent	Not Financially Independent
1 Living a leisurely life	60%	49%
2 Spending time with family / friends	60%	50%
3 Time to pursue passions	59%	49%
4 Not working	32%	33%
5 Having a related career, but working less	13%	14%
6 Having a second career	8%	5%

43%

Of both the Financially Independent and their non-FI counterparts plan to continue working in retirement because they enjoy it.



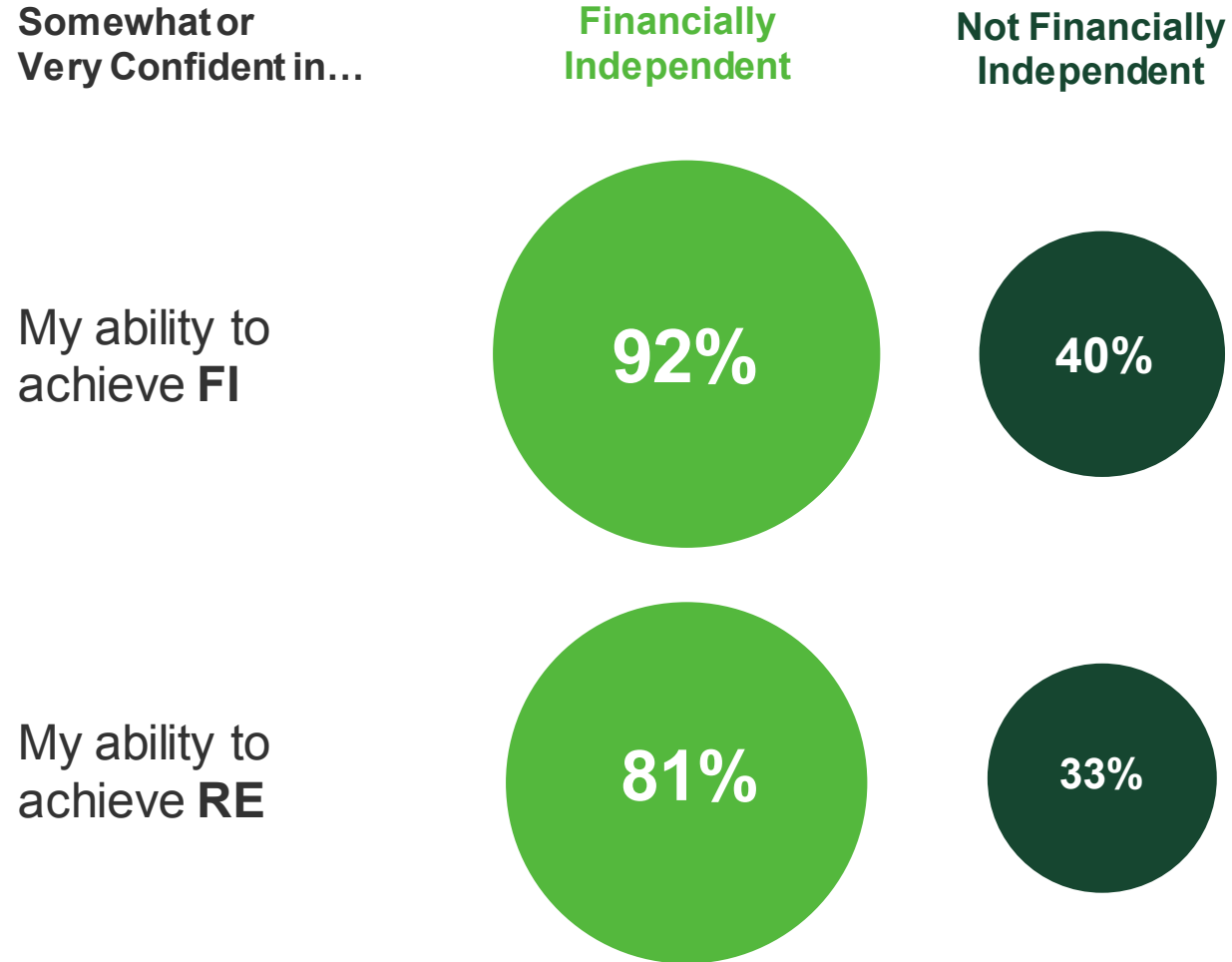
Your goal should be to move on to something else. The money in early retirement is just the tool that you use to move onto that next phase in your life.”

- Carl Jensen, 1500 Days to Freedom



# FI feels more tangible, resulting in higher confidence in the ability to achieve it

While Retiring Early is slightly more uncertain





# The FI-Life

Timeline & Pathways to FI

## For most, the journey to FIRE begins in their 30s

It is also common to continue working several years past achieving “FI,” delaying the “RE”

37

Average age  
began financial  
independence journey

57

Average age  
achieved / planning  
to achieve financial  
independence

62

Average age  
retired / planning  
to retire

**4 years earlier than  
non-financially independent**

**34%**  
**of the Financially Independent  
began their journey before the  
age of 30**

### Counting the hours

“Every \$100 that I was saving, I was buying two days of financial independence in the future... I started thinking about saving in terms of units of time and days and weeks and months.”

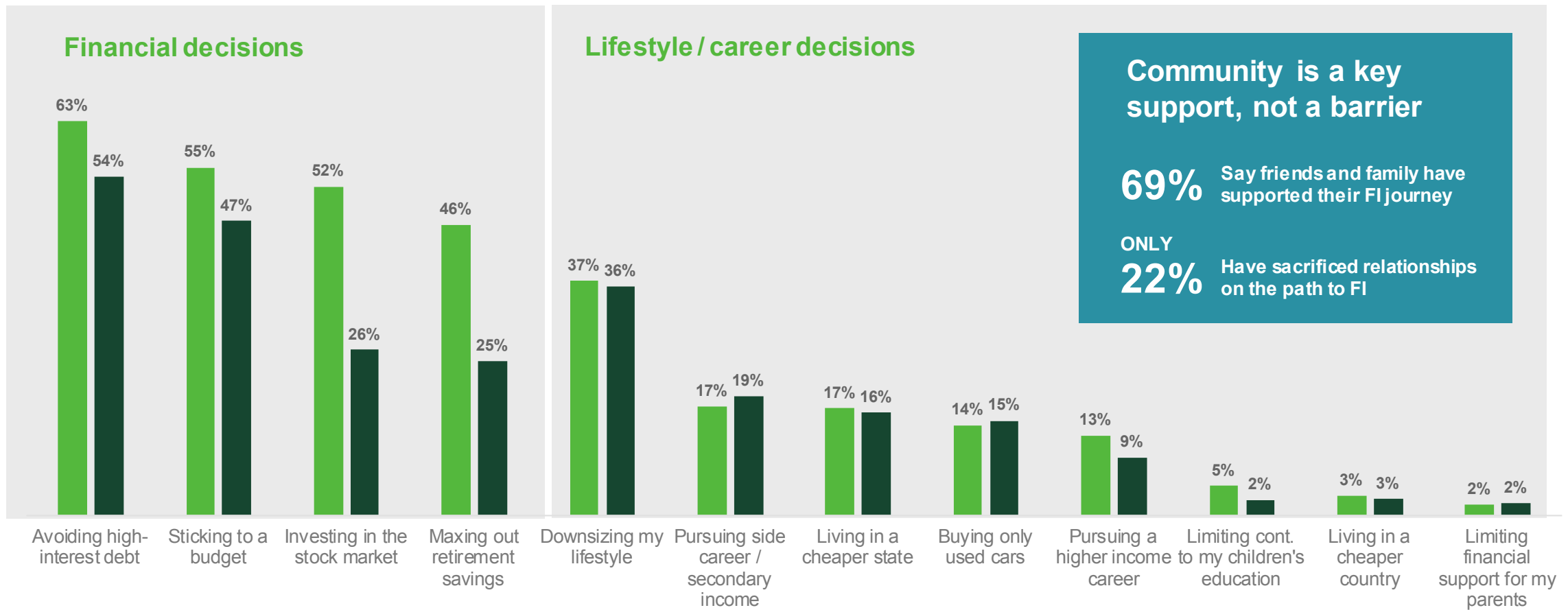
- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom

# To achieve FIRE, strong financial discipline on spending and investing is crucial

Lifestyle sacrifices are less common

## Steps taking / would take to achieve FIRE

■ Financially Independent ■ Not Financially Independent



## Most acknowledge that it's worth it to sacrifice short-term, but with limits

The Financially Independent are equally likely as those who are not to draw the line around lifestyle limitations they're willing to make to achieve FIRE

84%

Of the Financially Independent agree it's worth it to sacrifice now to achieve financial independence sooner.

“I would rather sacrifice now to live later than live life to the fullest now without preparing for the future.”

82%

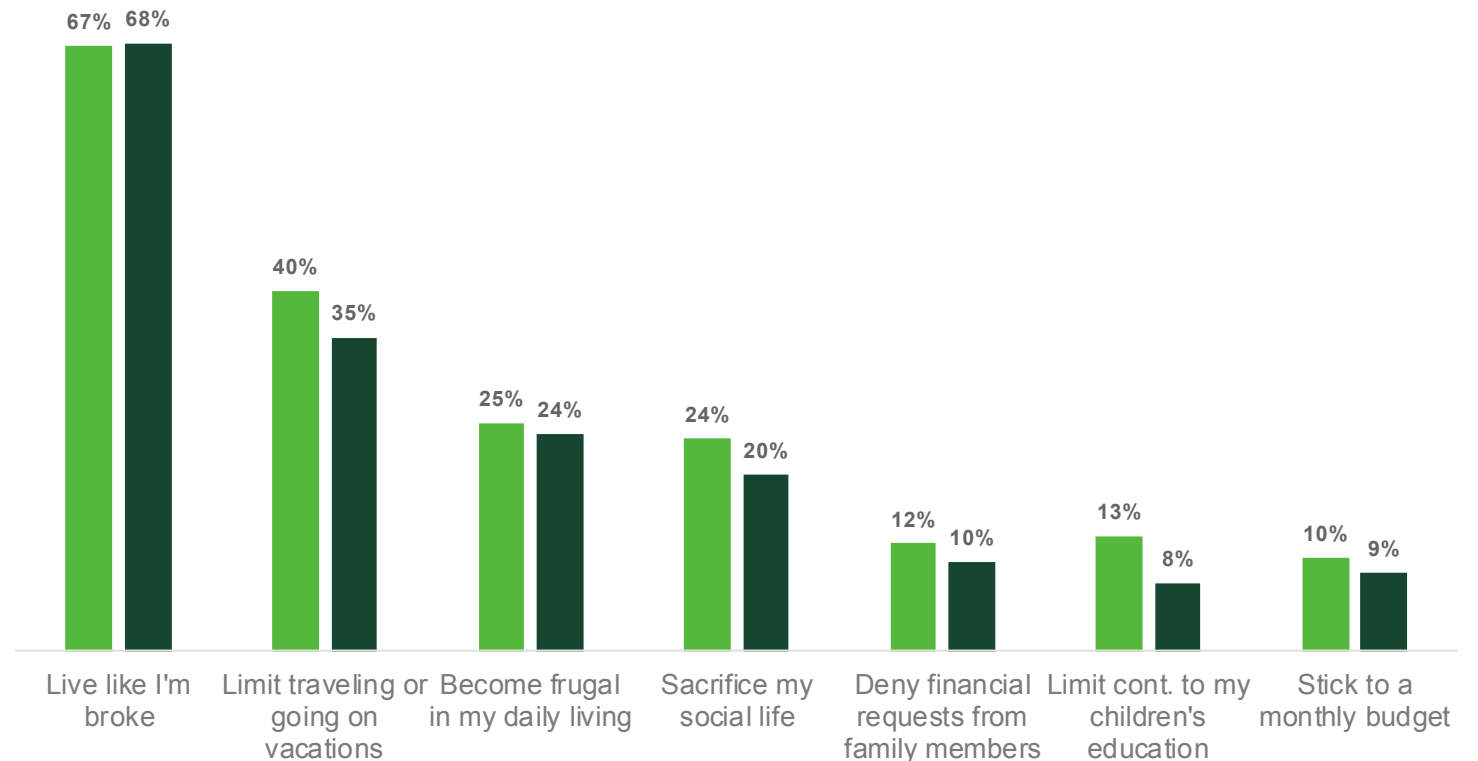
Financially Independent

71%

Not Financially Independent

### FIRE isn't worth it I have to...

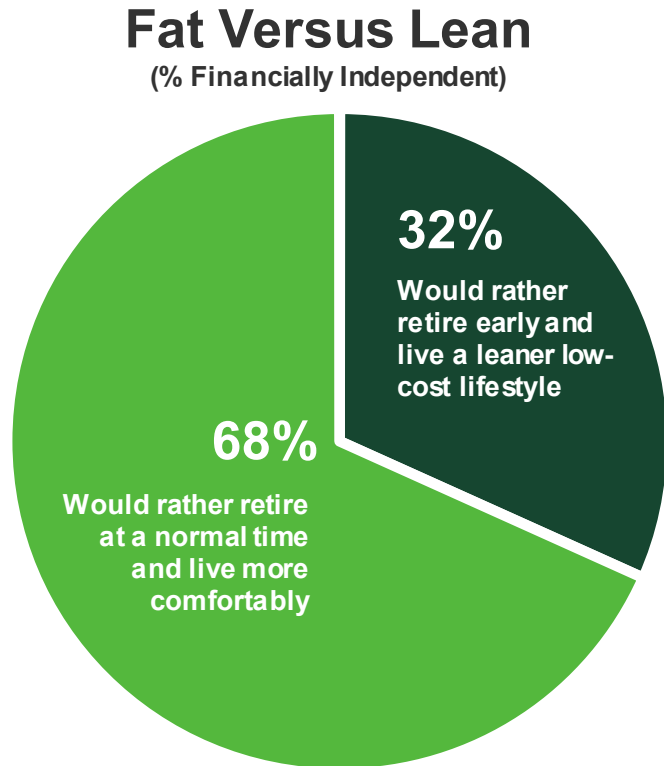
■ Financially Independent ■ Not Financially Independent





## The Financially Independent aren't starving, they would rather retire FAT

While 1/3 choose to cut back to an extremely "lean" lifestyle, the majority would rather increase their top line to maintain or increase spending in the pursuit of "Fat FIRE"



**"Fat FIRE" is focused on living with a large budget, pre- and post- retirement**

Forecasted retirement spend

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**\$2MM+**

**"Lean FIRE" is focused on living with a small budget, pre- and post- retirement**

Forecasted retirement spend

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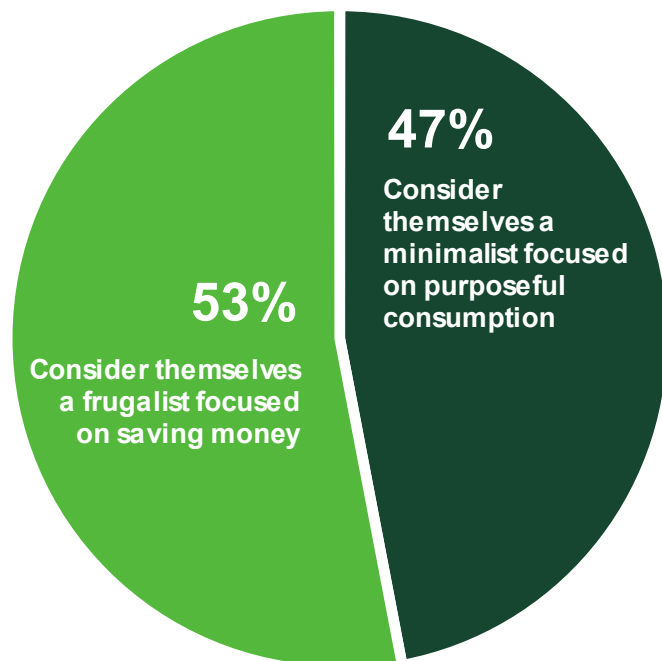
**<\$1MM**

## Some emphasize managing money, while others focus on mindful consumption

Though they all agree on the importance of focusing spending on what matters most

### Minimalism Versus Frugalism

(% Financially Independent)



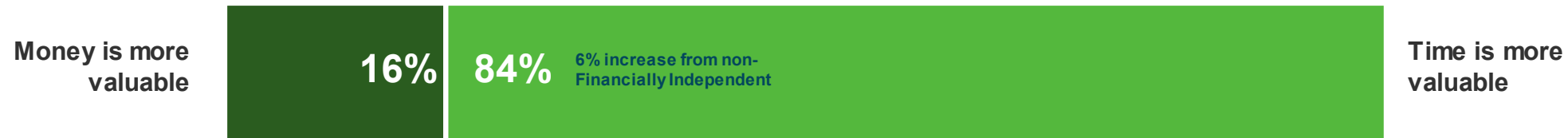
Stop spending on things that you realize don't make you happier, but also be careful not to cut out everything fun, just so you can hit this goal sooner. That was my biggest mistake.”

- The Mad Fientist

## Ultimately viewing money as a means to an end

The Financially Independent value happiness and time more than dollars, seeing freedom as the ultimate reward

### % Financially Independent



“I wanted to have the freedom to choose my destiny, whatever that may be.”  
- Sam Dogen, The Financial Samurai

“I get to give my kids time and that’s really the best thing you can give them. It’s not stories or iPads or trips to Disney. It’s just time with them.”  
- Carl Jensen, 1500 Day to Freedom



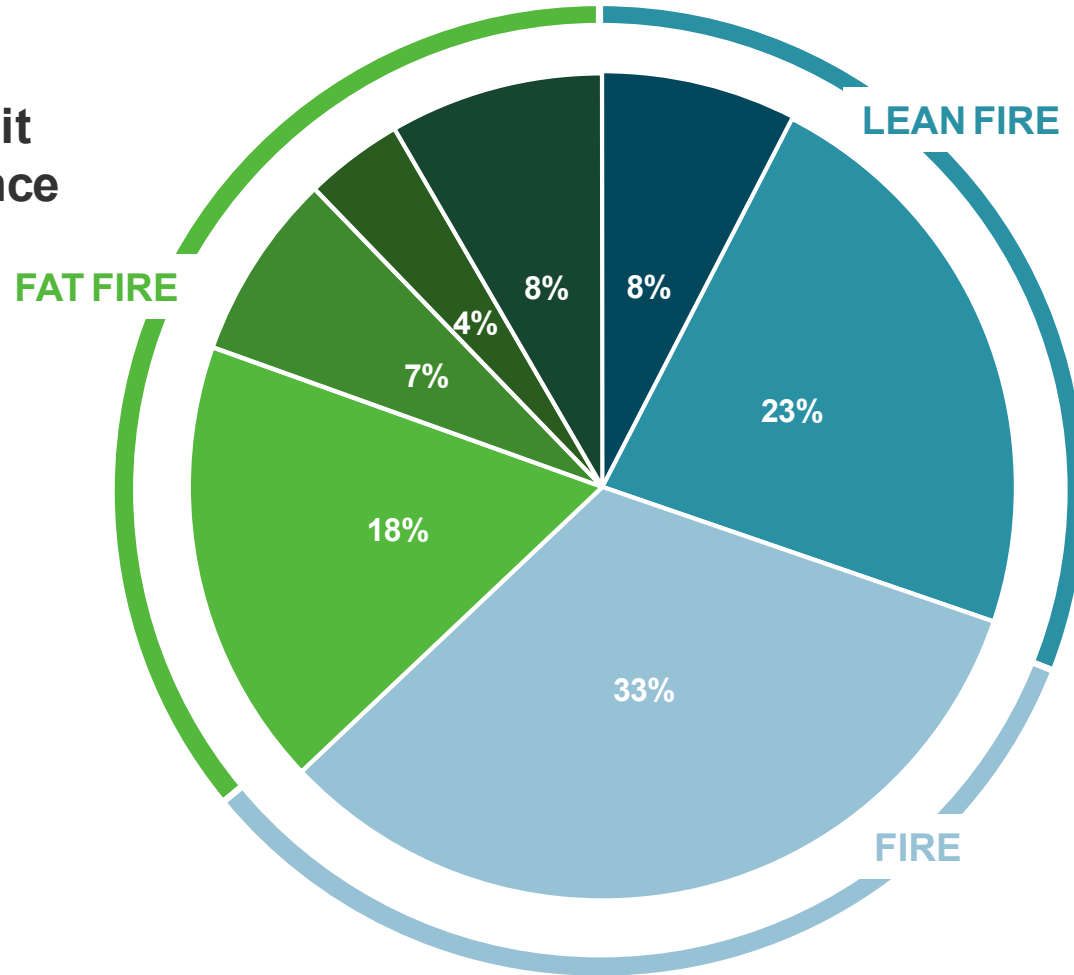
# FI-nances

Financial Outlook & Tools

# For most, Financial Independence equals \$500,000 to \$2MM in net wealth

**Net wealth target to hit  
Financial Independence**  
(% Financially Independent)

- Less than \$500,000
- \$500,000-\$999,999
- \$1,000,000-\$1,999,999
- \$2,000,000-\$2,999,999
- \$3,000,000-\$3,999,999
- \$4,000,000-\$4,999,999
- \$5,000,000+

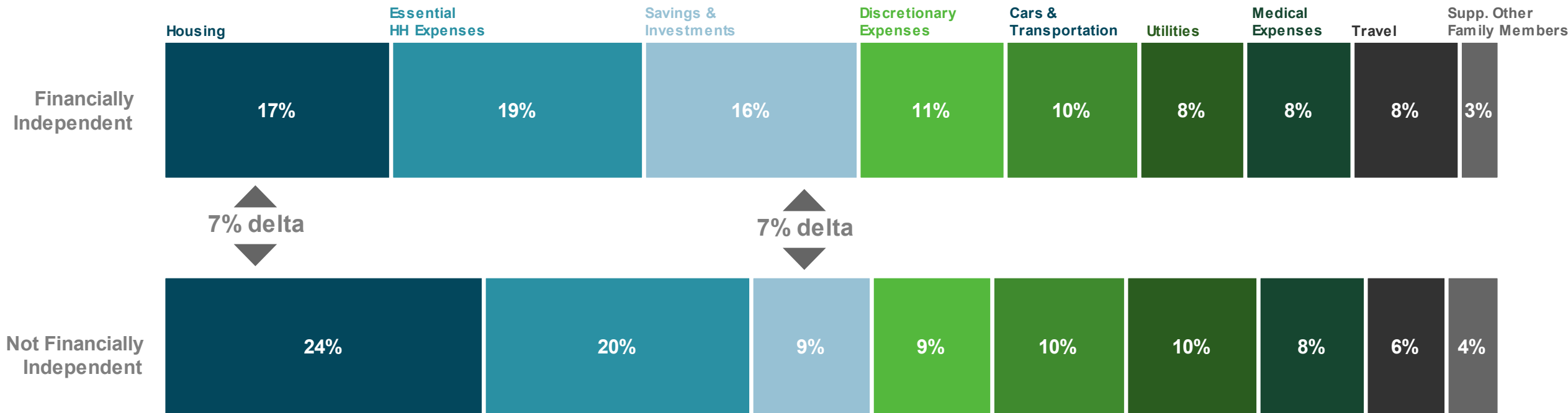




# The Financially Independent prioritize long-term investments over current spend

They are more likely than those who are not Financially Independent to prioritize savings and investments than housing

% of income goes towards the following

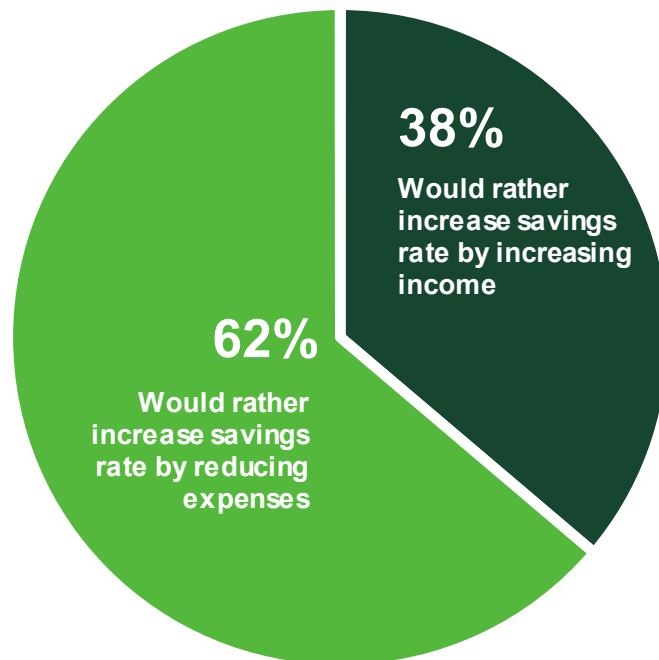


## For most, reducing expenses is more preferable than increasing income to maximize savings rate

Staying focused on the long-game helps perpetuate financial discipline in the short-term

### Income Versus Expenses

(% Financially Independent)

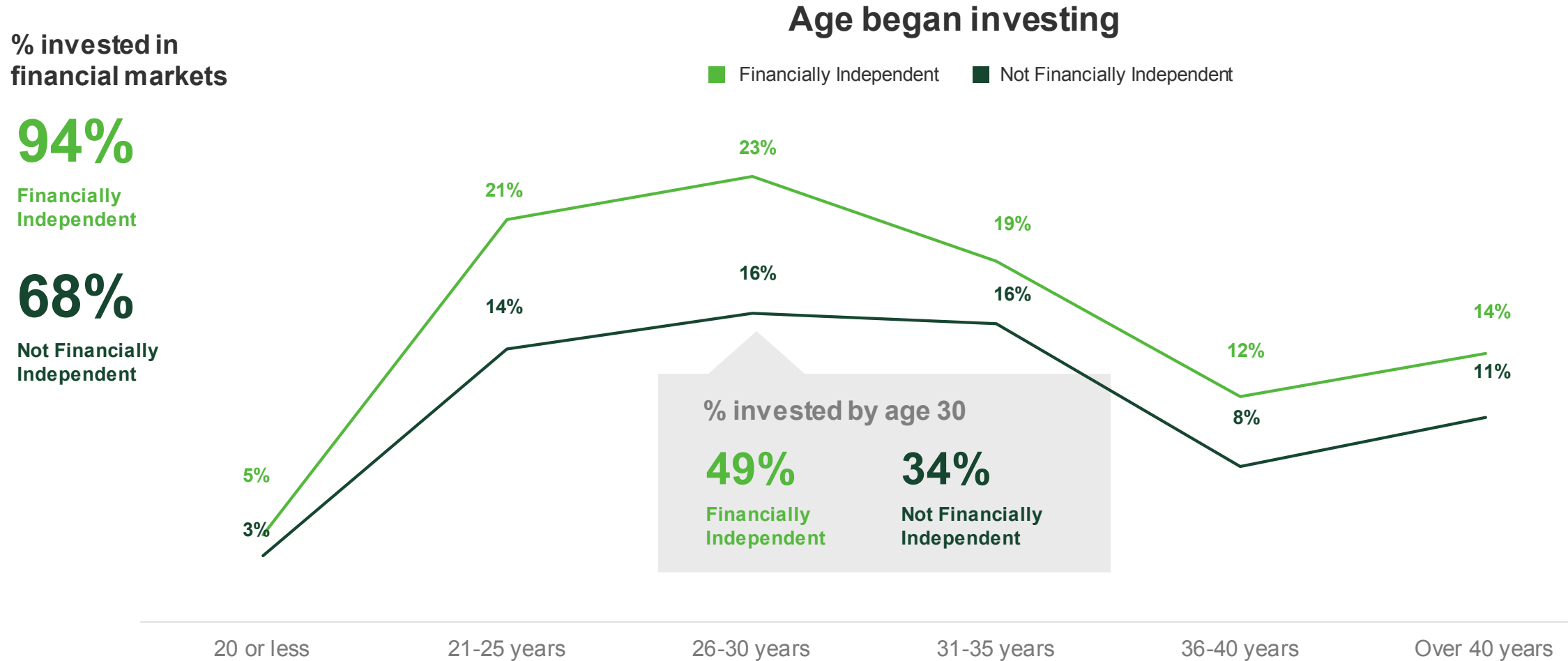


I saved 80% of my income the entire time. I drove the crappiest car, I lived in the cheapest apartment... You have to view saving as an opportunity, not a sacrifice.”

- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom

## Their investment journeys typically begin at a younger age

The Financially Independent understand the value of compounding interest and have had the fortune of a bull market at their back



# Financially Independent see themselves as investors who can weather the storm

They are confident in the market both short and long-term

Somewhat or very confident in...

“The stock market remaining strong in the short-term.”

**70%**

Financially Independent

**45%**

Not Financially Independent

“The stock market remaining strong in the long-term.”

**63%**

Financially Independent

**35%**

Not Financially Independent

**63%**

Of the Financially Independent consider themselves to be investors, compared to 27% of those who are non-FI.



A core tenant of the FIRE movement is educating, having a closer, more intimate relationship with money.”

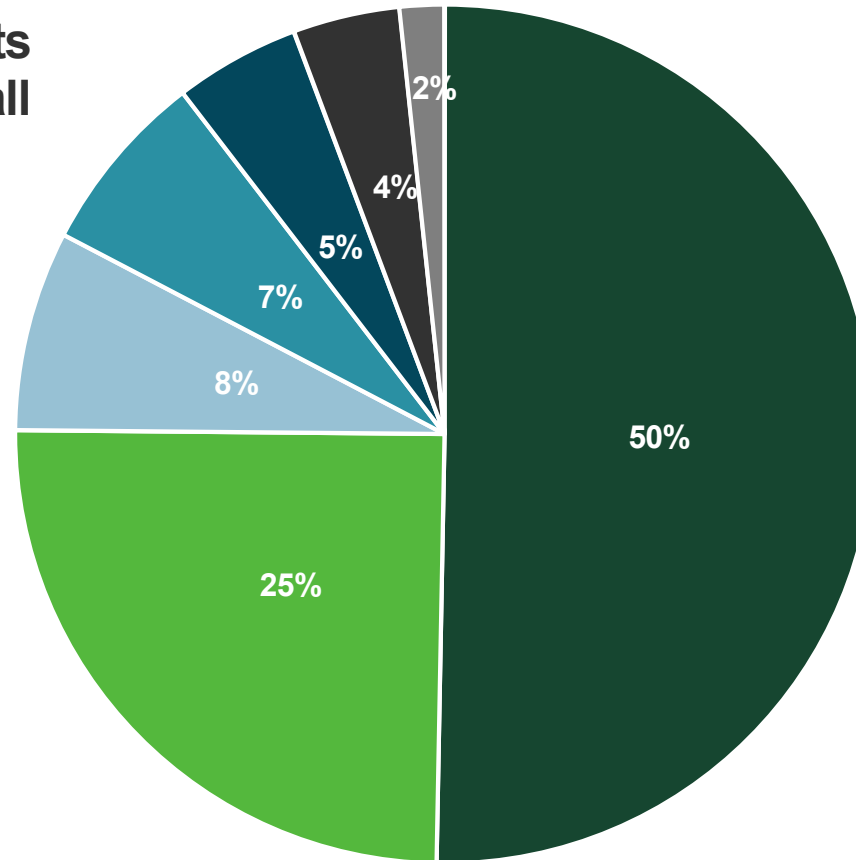
- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom

# When breaking down their income, investments are the second most valued source, falling only after income from employment

Investing is a cornerstone to their wealth

## Income streams or investments that most contributed to overall financial well-being

- Income from employment
- Financial market investments
- Inheritance/trust
- Real estate investments
- Other
- Owning my own business
- Ownership stake in business



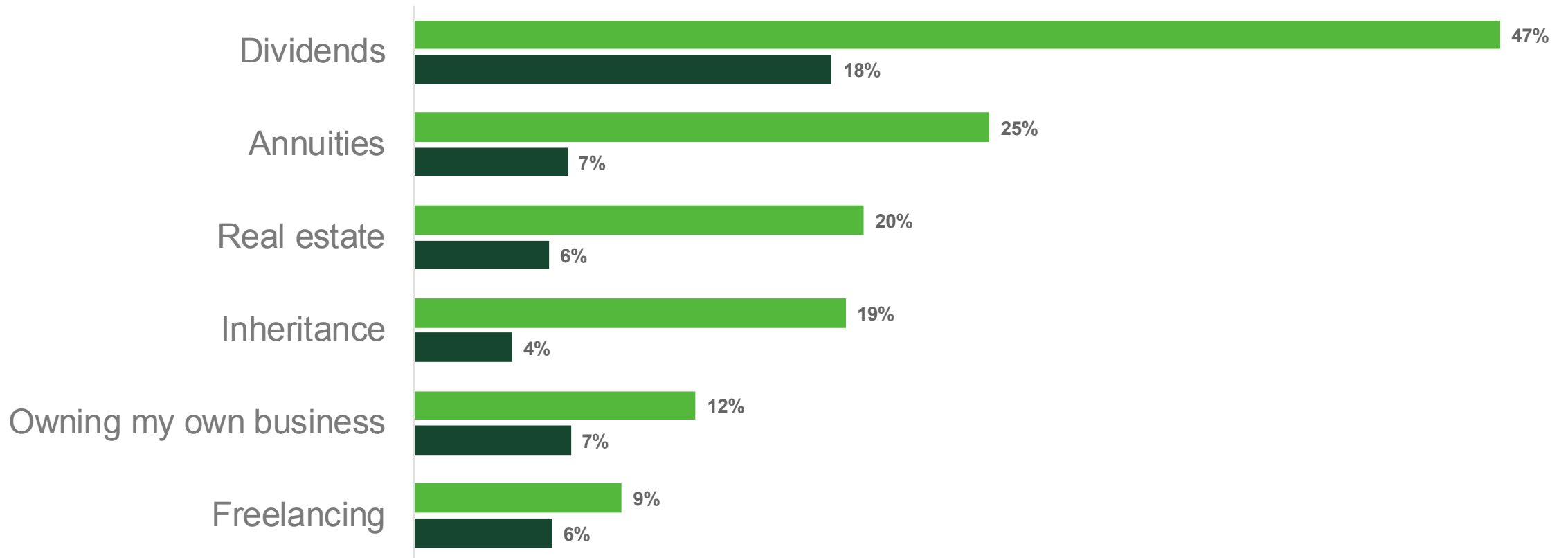


# Most attribute this additional investment income to dividends and annuities

Demonstrating the overall value of investments in their strategy towards building wealth

## Income streams outside of traditional work

■ Financially Independent   ■ Not Financially Independent

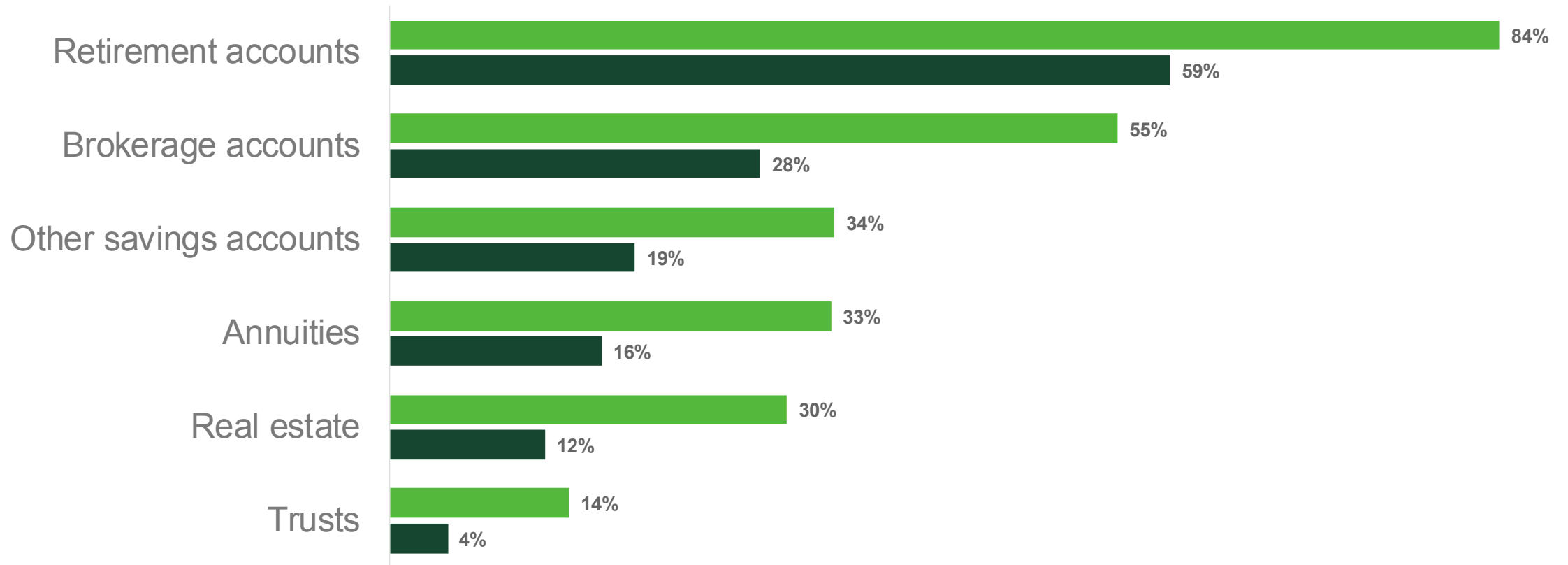


## They tend to focus on retirement accounts, followed by brokerage

They also have higher representation across a variety of investment vehicles than their non-FI counterparts

### Included in investment portfolio

■ Financially Independent   ■ Not Financially Independent

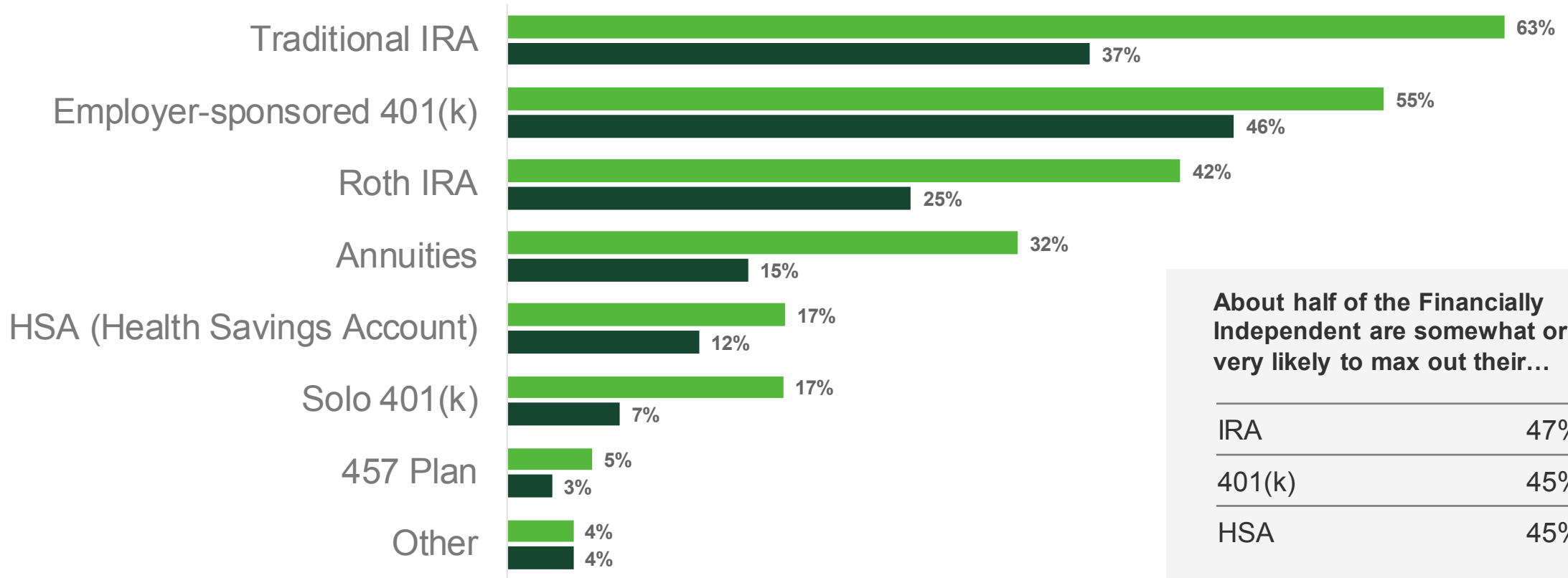


# Traditional IRAs are the primary retirement tool for the Financially Independent

In contrast to their non-FI counterparts who rely on employer-sponsored 401(k)s

## Included in retirement savings

■ Financially Independent ■ Not Financially Independent



**About half of the Financially Independent are somewhat or very likely to max out their...**

IRA	47%
401(k)	45%
HSA	45%

## Low and no fee accounts are a foundation of their investing portfolio

Many pride themselves on the ability to educate themselves to maximize savings

Somewhat or very likely to...

Invest in no / low fee ETFs

**44%**

Financially Independent

**25%**

Not Financially Independent

Invest in no / low fee brokerage accounts

**54%**

Financially Independent

**37%**

Not Financially Independent

**23%**

Financially Independent are 23% more likely than those who are non-FI to have more money in passive investments than active ones.



Discipline is at the core of the FIRE movement: self-discipline and self-mastery. People in the community pride themselves on their ability to do things themselves.”

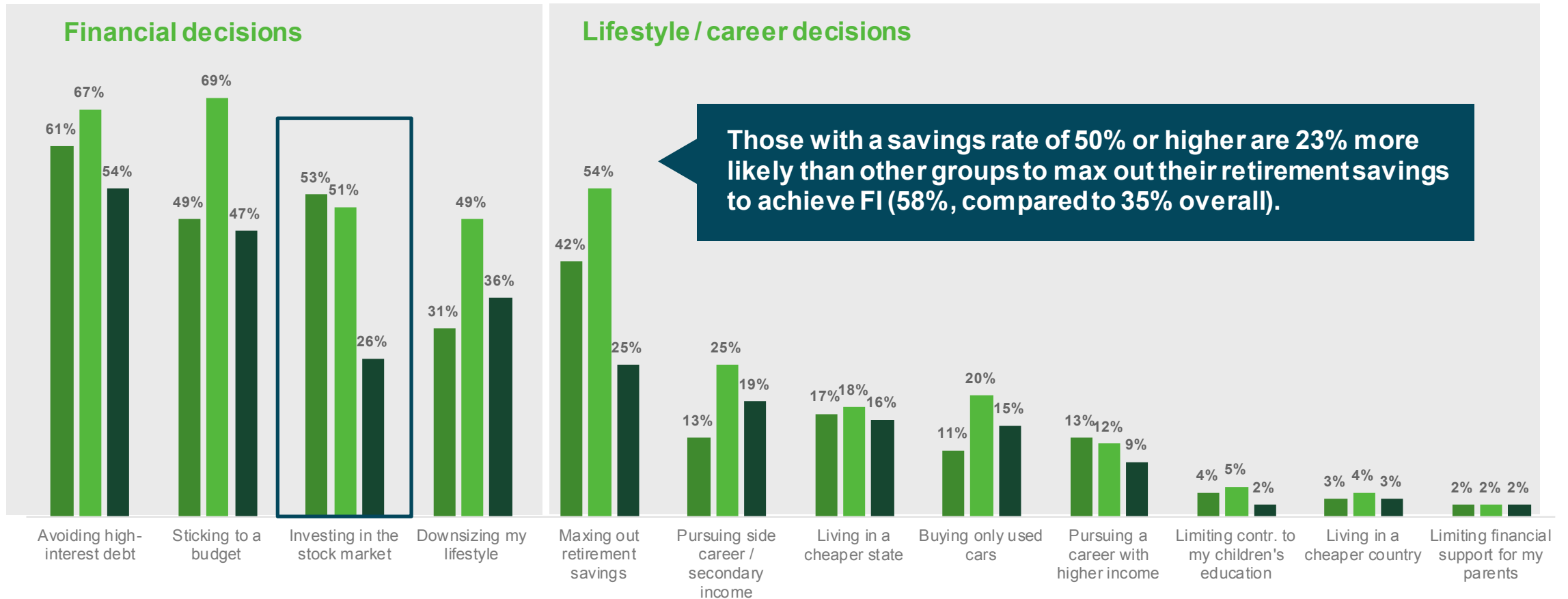
- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom

# Those still on the path to FI are even more prone to make financial cutbacks

After achieving FI, many slow down on sacrifices they took on the path to get there, but continue to remain just as active in investing

## Steps taking / would take to achieve FIRE

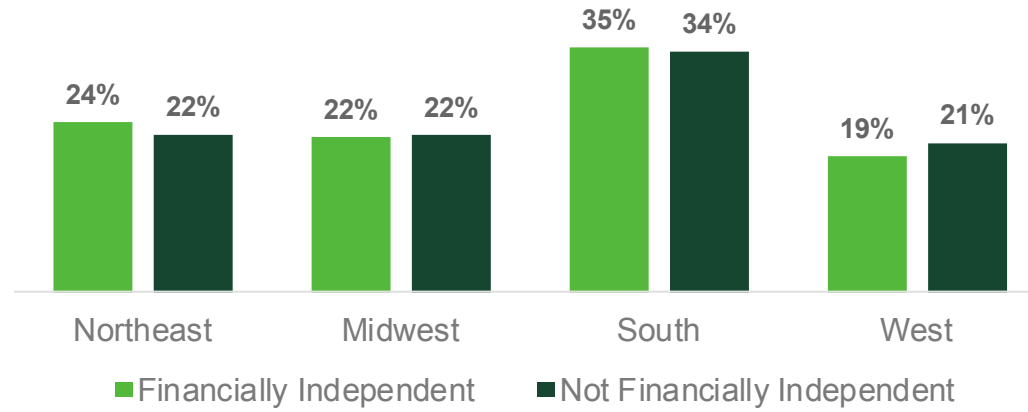
■ Have already achieved FI ■ On The Path To FI ■ Not Financially Independent



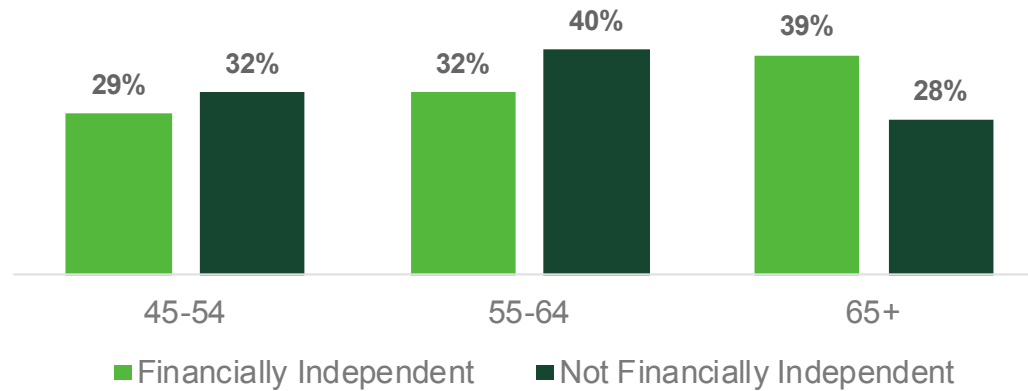
# **Appendix: Demographics**

# Demographics

## Region

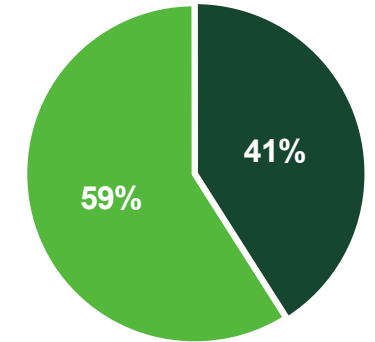


## Age



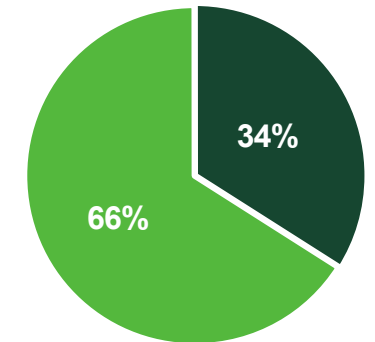
## Gender

### Financially Independent



■ Male ■ Female

### Not Financially Independent



■ Male ■ Female

## Demographics (cont'd)

