FIRE

FINANCIAL INDEPENDENCE RETIRE EARLY

The FIRE movement? Heard of it? FIRE stands for Financial Independence Retire Early. Wouldn't we all love that?
According to The Forbes Guide to Fire June 29th, 2020, the FIRE concept evolved out of a book published in 1992 Your Money or Your Life by Vicki Robin and Joe Dominquez. It has now become a 'movement' and has spawned numerous books, blogs, websites and facebook groups. This has gained more traction in recent times as people seek flexibility in their work and more work/life or just 'life' balance.

The FIRE devotees are committed to becoming financially independent as early as possible in order to retire early and are often committed to extreme savings and investment.

Not all those working toward FIRE are wealthy. Many love their work and are focused on the independence concept rather than the retire aspects. Some achieve financial independence and continue to work knowing they have a nice financial cushion to support them.

While this concept challenges the traditional notion of a fixed retirement age of 65 that we all work towards and instead provides us with the flexibility to choose whether to retire early, retire at 65, continue working as long as we choose, it also challenges the consumerist mentality that is enveloping the globe.

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According to Forbes magazine there are three types of FIRE methodologies.

Fat FIRE – for those that want it all – a comfier lifestyle which comes at a price either higher earnings or savvy investments
Lean FIRE – total minimalist – reuse your teabags, darn your socks type situation
Barista FIRE – people no longer work in a 9-5 job but still maintain some source of part time income in order to either supplement their savings or live a more extravagant lifestyle.

Interestingly the concept of financial independence is one we could all be striving for in today's economic climate with government superannuation providing less and less of a 'choices' lifestyle. There is no time like the present to start evaluating your current financial position and assessing whether you will be in a position to live the life you choose – fat/lean or barista – at the age you choose to live it.
Adopting the principles of FIRE – reviewing your financial position, cutting costs where it makes sense, maximising your income and determining the type of financial life you would like to live is a sensible approach at any point in time.

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Tanja Hester, author of Work Optional, Retire Early The Non Penny-Pinching Way - also doesn't believe that FIRE is an "all or nothing" game — instead, it's a lifestyle that comes in different models, each unique to an individual."It doesn't have to be quitting work forever," Hester says. "It can be career intermission, or it could be semi-retiring, where maybe you focus on giving yourself a secure, traditional retirement but you're willing to live a little leaner until you get to 65."
This supports The Next Chapter philosophy – there is not one way of living your life but having a degree of financial independence provides you with the choices to decide what that will look like.
There are three critical steps to take to determine whether FIRE is right for you:

1. Ask yourself what you would like your life to look like both now, through midlife and beyond – what gives you purpose and meaning?
2. Take a good look at your current financial position and an even better look at where you can save. This makes good sense whether retirement is in your immediate future or not.
3. Are you prepared to stick to a robust savings plan long term?

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If this is something you're thinking about here are three ways The Next Chapter can help:

1. Check out our Resources at www.thenextchapter.nz for continuously updated resources
2. Book in your 1:1 Collaboration sessions whatsnext@thenextchapter.nz
3. Organisational workshops - varying length workshops to support your teams plan for their next chapter